

CITY OF CORONA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011



Prepared by the City of Corona Finance Department

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Corona
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director



December 21, 2011

To the Honorable Mayor, City Council, and Citizens of the City of Corona, California:

It is with great pleasure that we present to you the City of Corona's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. The report consists of three sections: Introductory, Financial and Statistical. The Financial Section includes a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Auditing Standards Generally Accepted in the United States of America by a firm of licensed certified public accountants. Management assumes full responsibility for the accuracy and reliability of all of information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Corona's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the objective of the City's internal control framework is to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

For certain debt issues, the City of Corona covenants to submit a continuing disclosure to the bond holders. The City's CAFR is a required part of that annual disclosure. The California State Controller requests that the City's audit report be delivered to the State Controller's office as soon as available.

The City of Corona's financial statements have been audited by Lance, Soll & Lunghard, LLP, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City are free of material misstatement. The independent auditor has issued an unqualified ("clean") opinion of the City's financial statements for the fiscal year ended June 30, 2011. The independent auditor's report is presented on the first page of the Financial Section of this report.

The independent audit of the financial statements of the City of Corona was part of a broader, federally mandated audit of state and local governments ("Single Audit") designed to meet the special needs of federal granting agencies. The standards governing Single Audit require the auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements. These reports are available in the City of Corona's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The City of Corona is located approximately 45 miles southeast of Los Angeles in western Riverside County. The community is ideally situated at the base of the mountainous Cleveland National Forest on an alluvial plain leading down, or north to the Santa Ana River. In 2011 the City's population was 153,649 and the City limits covered approximately 39.2 square miles. Corona is a General Law City. Five Corona citizens make up the Corona City Council and each is elected to a four-year term of office. The Mayor is appointed annually by and from the City Council.

The City of Corona was incorporated in 1896 under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: Public Safety (Police and Fire), Highways and Streets, Electric, Public Library, Parks, Public Improvements, Planning and Zoning, Public Transportation (Dial-A-Ride and Corona Cruiser programs) and General Administrative Services. Water and Water Reclamation services are provided through the legally separate Corona Utility Authority, which functions as a department of the City of Corona and therefore has been included as an integral part of the City of Corona's financial statements. The Redevelopment Agency, Corona Housing Authority, Corona Public Financing Authority and the Corona Public Improvement Corporation are financially accountable by the City of Corona and are reported in the financial statements. Additional information on all of these legally separate entities can be found in the Notes to the Financial Statements, under the Description of Reporting Entity section.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Each year, a proposed budget is submitted to the City Council and a public meeting is conducted to obtain taxpayer comments. The budget is subsequently adopted by the City Council through passage of resolutions. The legal level of budgetary control is at the department level. The City Council may amend the budget to add or delete appropriations, transfer between appropriations within a fund or change appropriations between funds.

Local Economy

The City of Corona is the gateway that economic activity from Orange County enters into the Inland Empire. As with many cities across the nation, the City was affected by the economic downturn and shed some jobs, but the City of Corona's business community is poised for growth as the economy begins to improve. Corona's economy comprises on a strong manufacturing and industrial base, which will benefit in coming years from strong export growth and a weak dollar, in addition to rising demand in the City. Corona's residential market saw a resurgence in the sales of single family homes and condominiums in keeping with the first-time homebuyer tax credits of 2009 and 2010. Affordability is back in Corona where there are three tiers of housing for the consumer: executive level, workforce, and family dwellings, something not found in neighboring cities. According to the Construction Industry Research Board, new single-family building permits have totaled 46 from January through July 2011. This is much higher than the 12 new units permitted during the same period in the previous year, and topping the number of units in the entirety of calendar year 2010. On the non-residential side, new construction has been slow, but sustained increases in business demand that will accompany the recovery will eventually give way to demand for new non-residential structures.

With the downturn in the construction industry, Corona experienced some job loss and transition. Another sector heavily impacted during the recessionary years was logistics. Transportation and warehousing are two major element of this sector; however, they only represent 1.5% of the City's total employment. Corona has large shares of residents working in relatively high-skilled, high wage jobs. More than 20% of Corona's working residents are employed in management, business/financial, computer/mathematical, or architecture/engineering occupations which is much higher than the surrounding cities. As companies have started hiring again, the unemployment rate in Corona has come down from 11.4% in September 2010 to 10.9% in August 2011, which is well below the 14.7% unemployment in Riverside County.

Property tax is the largest General Fund revenue source for the City for the fiscal year ended June 30, 2011. Total taxable assessed valuation in Corona for Fiscal Year 2010-11 was \$15.9 billion, this is a decrease of 1.2% from the previous year. Sales tax is another principal General Fund revenue source for the City. Taxable retail sales were \$2.5 billion in Fiscal Year 2010-11, and were up by 3.3% from the previous year, the first positive year since Fiscal Year 2005-06. Total property and sales tax constituted 51.3 % of total governmental revenues, which are significant sources to support all general government activities including public safety, public works, community services and redevelopment.

Long Term Financial Planning

As the financial recovery begins, the City's continued control over expenditure growth has been and will continue to be a key factor in maintaining the City's strong financial position. The City took budgetary reductions in October 2008 and in February 2010. The reductions, combined with the use of contingency reserves accumulated in prior years, enabled the City to balance its General Fund budget for the Fiscal Year 2011-12. The City is committed to fiscal responsibility, effective resource management, and providing the highest service levels to our residents. The City Council is aware that this is a dynamic process and recognizes that there may be ongoing economic issues that will require additional attention. In the past, the City has wisely taken advantage of financial prosperity to secure its ongoing stability, and will continue to take the same conservative approach in the future. The Fund Balance Policy for the General Fund approved by City Council in June 2010 requires that the City maintain a contingency reserve of \$14.3 million through June 30, 2011. This amounts to approximately a 12.5% set aside of the following year's budgeted operating expenditures of the General Fund to allow for contingencies and emergencies. The contingency reserve will be increased to two months of regular General Fund operating expenditures in any fiscal year in which recurring sources exceed recurring uses as approved by this policy. Other funds have been set aside as reserves for budget shortfalls, facility projects, future technology needs, vehicle and equipment replacement and changes in future debt service requirements. The conservative budgets that were passed in prior fiscal years contributed to this overall financial philosophy.

Relevant Financial Policies

Corona follows the General Fund Expenditure Control Budget (ECB) guidelines as outlined in the budget resolution. The Fiscal Year 2010-11 budget was the seventeenth year that the budget was prepared in accordance with the ECB policies adopted by the City Council for the General Fund. Departments are given increased flexibility and incentives for meeting their goals as well as being assigned greater accountability for their performance in carrying out their mission.

In order to meet anticipated future General Fund budgetary shortfalls, prior budgetary savings will be used. The City will continue to monitor expenditure and revenue assumptions aggressively. The ECB savings are categorized in the General Fund Balance under the classification of Committed Fund Balance.

Major Initiatives

Corona's commitment to infrastructure improvements is demonstrated by the City's five-year Capital Improvement Program with the following highlights.

In Fiscal Year 2011-12, the City's new capital improvement projects totaled \$31.7 million. This is divided among the categories of: Buildings, Facilities and Systems, Roads, Bridges and Freeways, Lighting and Signals, Drainage, Parks and Airport, Redevelopment and Economic Development, Water, Water Reclamation, Electric, and Development Financed Infrastructure. The majority of the capital budget, or 29.3%, is in the Water category, in the amount of \$9.3 million. Several major projects include the well relocation, waterline replacement, and reclaimed waterline connection. The Redevelopment and Economic Development and Roads, Bridges and Freeways projects for Fiscal Year 2011-12 account for 19.1% and 15.1% respectively of the overall capital budget. Major projects include Homeowner Assistance Program and pavement rehabilitation.

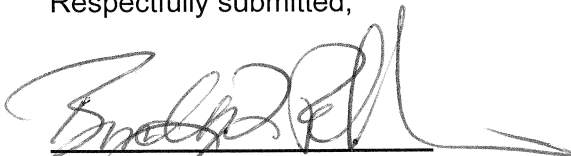
Awards and Acknowledgements


The Government Finance Officers Association (GFOA) of the United States and Canada awarded the twenty-first consecutive Certificate of Achievement for Excellence in Financial Reporting to the City of Corona for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2010. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the efficient and dedicated service of the entire Finance Department. Staff members have our sincere appreciation for their contributions made in the preparation of this report. Credit also must be given to the Mayor, City Council and the City's executive management team for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Corona's finances.

Respectfully submitted,


Bradly L. Robbins
City Manager


Debra A. Foster
Finance Director



CITY OF CORONA

Elected Officials and Administrative Personnel

Elected Officials

- STAN SKIPWORTH Mayor
- EUGENE MONTANEZ Mayor Pro Tem
- STEVE NOLAN Councilmember
- JASON SCOTT Councilmember
- KAREN SPIEGEL Councilmember

- RICHARD O. HALEY City Treasurer

Administrative Personnel

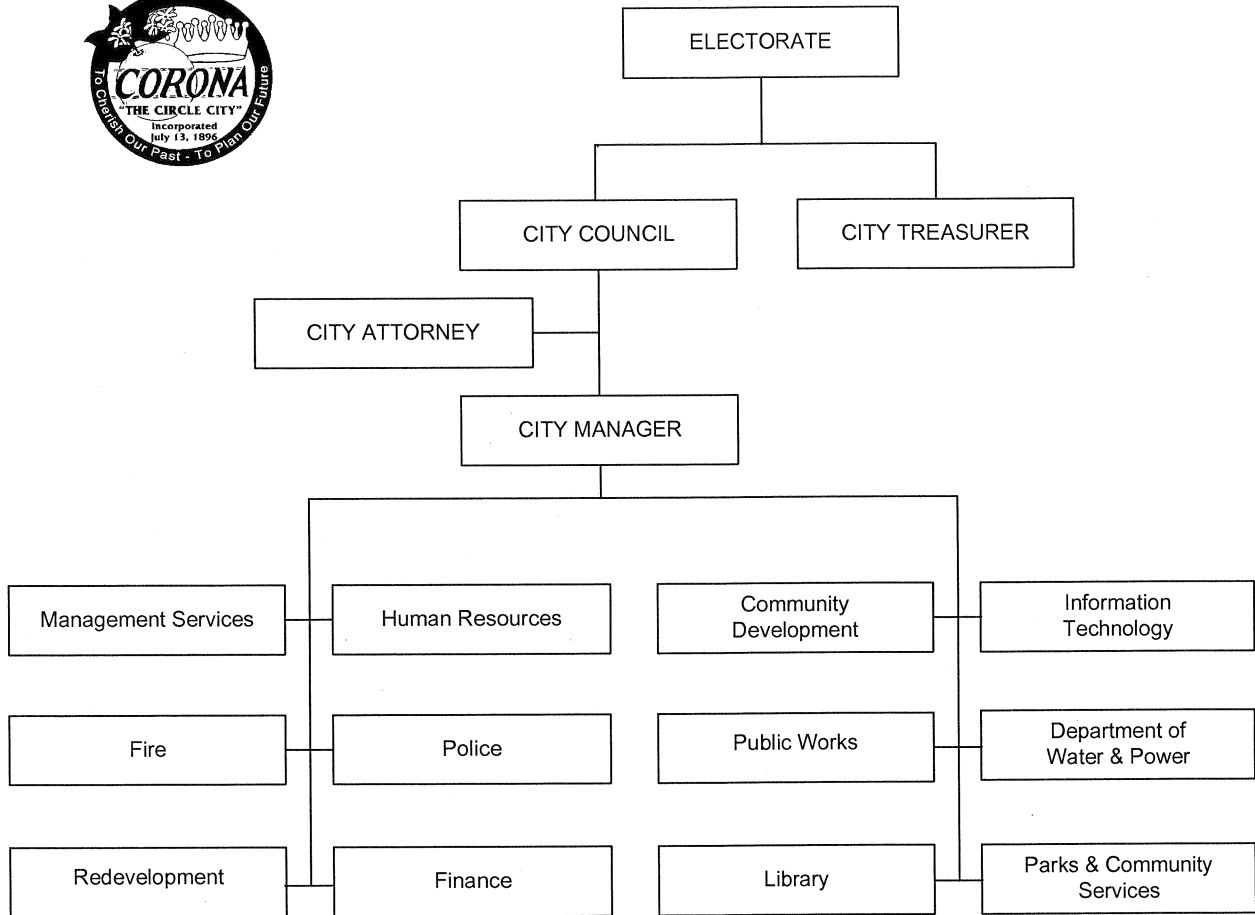
- BRADLY L. ROBBINS City Manager
- GREG IRVINE Assistant City Manager

- DARRELL TALBERT Administrative Services Director
- JOANNE COLETTA Community Development Director
- JONATHAN DALY DWP General Manager
- DEBRA A. FOSTER Finance Director
- DAVID WALTEMEYER Fire Chief
- STEVE LARSON Information Technology Director
- JULIE FREDERICKSEN Library Director
- GABRIEL GARCIA Parks and Community Services Director
- RICHARD MADORY Police Chief
- KIP FIELD Public Works Director

- BEST, BEST & KRIEGER City Attorney

CITY OF CORONA

City Organizational Chart





CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of City Council
City of Corona, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Corona, California, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Corona, California's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corona, California, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2011, on our consideration of the City of Corona, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion, analysis and budgetary comparison information, and other information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.



To the Honorable Mayor and Members of the City Council
City of Corona, California

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Corona, California's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Lance, Soll & Lingham, LLP

Brea, California
November 29, 2011



MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2011

The following Management Discussion and Analysis (MD&A) of the City of Corona's financial performance provides an introduction and overview to the financial activities of the City for the fiscal year ended June 30, 2011. This narrative discussion and analysis focuses on the current year's activities, resulting changes and currently known facts; therefore, the information presented here should be considered in conjunction with additional information furnished in the letter of transmittal and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide

- Total assets of the City exceeded its liabilities at June 30, 2011 by \$1.0 billion (*net assets*). Of this amount, \$321.9 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- Despite a restatement to the beginning balance of net asset of \$(9.1) million, the City's total net assets increased by \$9.3 million at the end of the fiscal year as a result of current year's operations. Change in net assets during Fiscal Year 2010-11 amounted to \$18.4 million.
- For governmental activities, expenses were \$104.4 million greater than the program revenues generated for governmental activities. Taxes, return on investments and other income for \$111.8 million provided sufficient funding for city-wide programs. Together with transfers governmental activities resulted in an increase of \$7.4 million for the fiscal year ended June 30, 2011.
- For business-type activities, program revenues exceeded expenses by \$5.4 million. Of the total program revenues of \$98.2 million, \$3.3 million represents contributions of capital assets such as infrastructure from developers. Adding the investment earnings to the revenue that exceeds expense showed an \$11.0 million surplus for the business-type activities.

Fund Based

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$205.4 million, which is an increase of \$1.6 million from the previous year. Of the total, \$112.0 million, or 54.5% of the total fund balance are either nonspendable or restricted due to the nature of the restriction.
- At the end of the current fiscal year, fund balance of \$18.1 million was committed. This is comprised of the amounts committed to emergency contingencies of \$14.3 million, ECB savings of \$2.3 million, and designated revenues of \$1.5 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Corona and its component units using the integrated approach as prescribed by GASB Statement No. 34.

Government-Wide Financial Statements

The government-wide financial statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The statement of net assets and the statement of activities and changes in net assets report information about the City as a whole and about its activities. These statements include *all* assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net assets* and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads.

In the statement of net assets and the statement of activities and changes in net assets, we distinguish the City's functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). The activities of these two distinctions are as follows:

Governmental activities – Most of the City's basic services are reported in this category, including the General Government, Fire, Police, Public Works, Redevelopment, Parks, Recreation and Community Services and the Library. Property and sales taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities.

Business-type activities – The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's Water and Water Reclamation utilities, Electric, Transit and Airport services are reported in this category.

The government-wide financial statements can be found on the pages immediately following this section as the first section of the Basic Financial Statements.

Fund Financial Statements

The fund financial statements include statements for each of the three categories of activities: governmental, proprietary and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary activities are agency funds, which report a balance sheet, a statement of changes in assets and liabilities and do not have a measurement focus. Reconciliation of the fund financial statements to the government-wide financial statements are provided to explain the differences created by the integrated approach.

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation schedule following each governmental fund financial statement. The governmental fund financial statements can be found in the Basic Financial Statements section of this report.

Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of revenues, expenses and changes in fund net assets. The City's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The City uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities – such as the City's self-insurance and fleet operations and equipment replacement funds. The internal service funds are reported with governmental activities in the government-wide financial statements. The proprietary fund financial statements can be found in the Basic Financial Statements section of this report.

Fiduciary funds – The City is the trustee, or *fiduciary*, for certain funds held to account for activities reported in this category which include the receipt of special taxes and assessments used to pay principal and interest on related bonded debt that has no direct City liability, as well as receipt and disbursement of capital project proceeds related to these bonds. The City's fiduciary activities are reported in separate statements of fiduciary net assets and combining statement of changes in assets and liabilities.

Notes to Basic Financial Statements

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They are presented immediately following the Basic Financial Statements section of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees, budgetary comparison schedules for the general fund and each major special revenue fund, and schedules and disclosure of the modified approach for reporting the City's infrastructure.

Combining and individual statements for non-major governmental and proprietary funds, internal service funds and fiduciary funds are presented in the Supplementary Information section of this report.

GOVERNMENT- WIDE FINANCIAL ANALYSIS

This analysis focuses on the City's net assets and changes in net assets of the governmental and business-type activities for the fiscal year ended June 30, 2011.

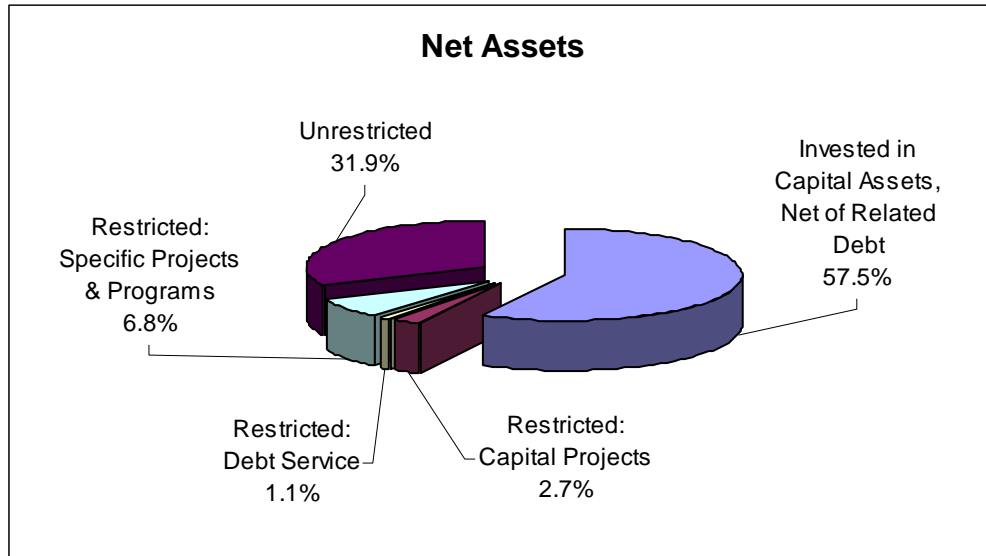
As noted earlier, the City's net assets as a whole increased 0.9% from \$998.2 million at June 30, 2010 to \$1.0 billion at June 30, 2011. The largest portion of the City's net assets (57.5%) reflects the investment in capital assets such as land, buildings, machinery and equipment, less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to the citizens of the City of Corona; therefore, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (10.6%) represents various resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$322.0 million may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF CORONA

Management's Discussion and Analysis (continued)
 June 30, 2011

The following graph demonstrates the components of the City's net assets at fiscal year ended June 30, 2011.



As of the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for both the governmental activities and business-type activities.

The following schedule is a condensed version of the City's Statement of Net Assets for fiscal year ended June 30, 2011. Comparative data from fiscal year ended June 30, 2010 is also presented.

City of Corona's Net Assets
 (in millions)

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 280.8	\$ 277.5	\$ 162.5	\$ 106.5	\$ 443.3	\$ 384.0
Internal balances	174.8	174.0	(174.8)	(174.0)	-	-
Capital assets	606.8	616.6	337.5	387.7	944.3	1,004.3
Total assets	1,062.4	1,068.1	325.2	320.2	1,387.6	1,388.3
Long-term liabilities	167.9	174.4	148.3	155.2	316.2	329.6
Other liabilities	45.0	43.9	18.9	16.6	63.9	60.5
Total liabilities	212.9	218.3	167.2	171.8	380.1	390.1
Net assets:						
Invested in capital assets, net of related debt	512.9	457.6	66.1	219.8	579.0	677.4
Restricted	88.5	148.8	18.1	10.7	106.6	159.5
Unrestricted	248.1	243.4	73.8	(82.1)	321.9	161.3
Total net assets	\$ 849.5	\$ 849.8	\$ 158.0	\$ 148.4	\$ 1,007.5	\$ 998.2

CITY OF CORONAManagement's Discussion and Analysis (continued)
June 30, 2011

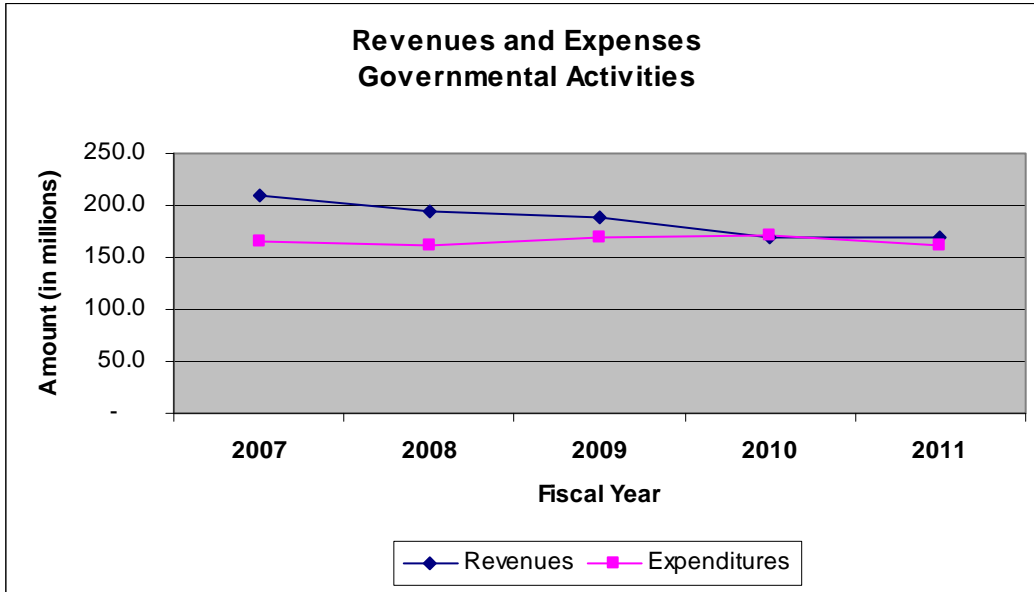
The City's programs for governmental activities include general government, fire, police, public works, redevelopment, parks and community services and library. The programs for the business-type activities include the water, water reclamation, electric, transit and airport services. A comparison of each program's revenues and expenses for the current year and prior year is presented below.

City of Corona's Changes in Net Assets
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 34.3	\$ 34.2	\$ 93.4	\$ 102.3	\$ 127.7	\$ 136.5
Operating grants and contributions	18.7	11.7	1.6	1.7	20.3	13.4
Capital grants and contributions	3.7	9.5	3.3	4.7	7.0	14.2
General revenues:						
Taxes:						
Property taxes	59.1	62.0			59.1	62.0
Sales and use taxes	28.5	26.5			28.5	26.5
Other taxes	7.8	7.7			7.8	7.7
Lease and rental income	11.6	7.3			11.6	7.3
Grants and contributions not restricted to specific programs	0.7	0.5			0.7	0.5
Gain on sale of capital assets		1.8	2.3		2.3	1.8
Investment earnings	3.4	7.2	3.2	3.2	6.6	10.4
Other	0.7	1.4			0.7	1.4
Total revenues	168.5	169.8	103.8	111.9	272.3	281.7
Expenses:						
General government	21.8	23.8			21.8	23.8
Public safety - Fire	23.1	23.8			23.1	23.8
Public safety - Police	40.5	44.6			40.5	44.6
Public works	29.4	30.0			29.4	30.0
Redevelopment	15.4	18.3			15.4	18.3
Parks and community services	13.6	14.3			13.6	14.3
Library	2.7	3.1			2.7	3.1
Interest on long-term debt	14.6	13.5			14.6	13.5
Water			46.8	48.1	46.8	48.1
Water reclamation			25.9	27.2	25.9	27.2
Electric			17.7	22.0	17.7	22.0
Transit services			2.1	2.3	2.1	2.3
Airport			0.3	0.3	0.3	0.3
Total expenses	161.1	171.4	92.8	99.9	253.9	271.3
Excess (deficiencies) of revenues over expenses	7.4	(1.6)	11.0	12.0	18.4	10.4
Net assets - beginning	849.8	837.9	148.4	136.2	998.2	974.1
Restatement of net assets	(7.7)	13.5	(1.4)	0.2	(9.1)	13.7
Net assets - ending	\$ 849.5	\$ 849.8	\$ 158.0	\$ 148.4	\$ 1,007.5	\$ 998.2

Governmental Activities

Total resources available during the year to finance governmental operations were \$1.0 billion consisting of net assets at July 1, 2010 of \$849.8 million, program revenues of \$56.8 million, general revenues of \$111.8 million, and a restatement of \$(7.7) million. Total uses for governmental activities during the year were \$161.1 million; thus, net assets decreased by \$0.3 million to \$849.5 million. The chart below presents revenues and expenses in governmental activities for the past five years.



The cost of all governmental activities for fiscal year ended June 30, 2011 was \$161.1 million. However, as shown in the statement of activities and changes in net assets, the amount that the taxpayers ultimately financed for these activities was only \$104.3 million because some of the cost was paid by those who directly benefited from the programs (\$34.3 million), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$18.7 million), and capital grants and contributions (\$3.7 million). Overall, the City's governmental program revenues were \$56.8 million. The City paid for the remaining "public benefit" portion of governmental activities with \$111.8 million in taxes (some of which could only be used for certain programs) and other revenues, such as investment earnings and general entitlements. The following is an in-depth analysis of the major revenue sources and expenses.

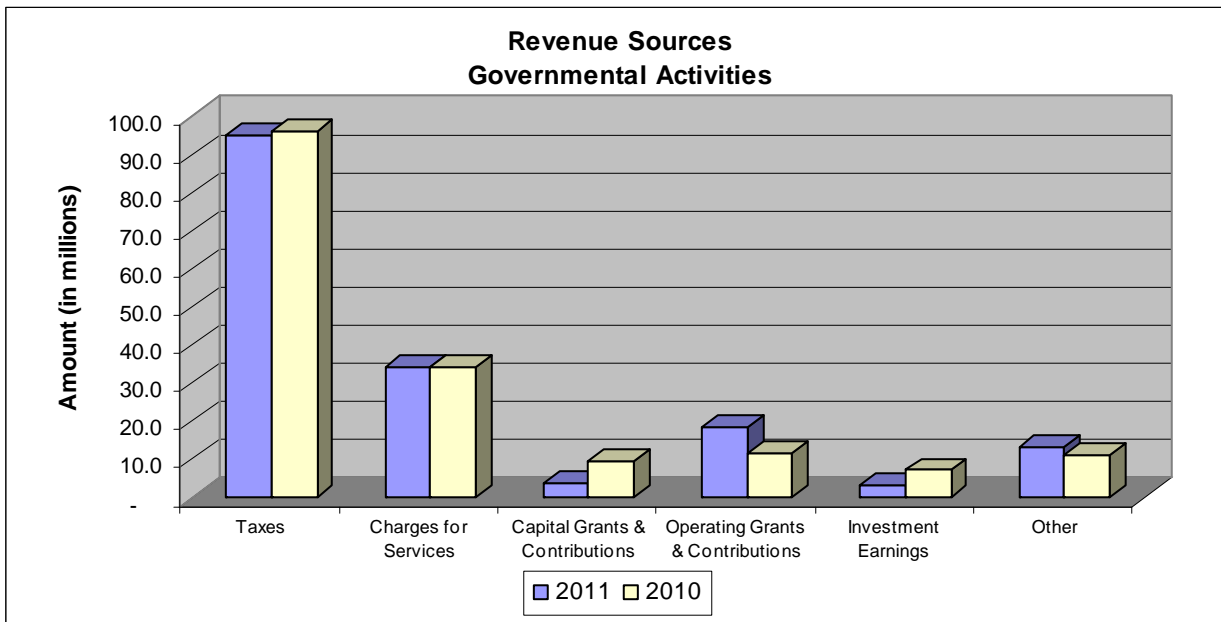
- Charges for services were consistent with the prior year with only a slight increase of \$0.1 million, demonstrating the City's efforts in keeping its service charges level despite budgetary challenges.
- Taxes comprise nearly 56.6% of the total revenues from governmental activities. Of this, 61.9% of total tax revenues are property taxes. Comparing to the prior year, property taxes decreased \$2.9 million, the third consecutive decline since Fiscal Year 2007-08 due to declining property values in the recent recession.

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2011

- Sales and use taxes are the second largest revenue source in governmental activities. For the fiscal year ended June 30, 2011, total sales and use taxes increased by \$2.0 million, or 7.4% from the previous year to \$28.5 million. This is the first positive year since Fiscal Year 2005-06.
- Investment earnings decreased \$3.8 million or 53.1% from the previous fiscal year. This is the third consecutive year with double digit declining, resulting from the overall low rate of return in the financial market, as well as, the reduced cash and investment balances in the governmental activities.
- Public safety expenses decreased \$4.8 million from the previous fiscal year, a direct result of salary and benefit concessions from the City safety employees implemented during the current year.
- Public Works expenses were the second largest expense category in the governmental activities with 18.3% of the total government activities expenses. The current year amount decreased \$0.6 million as compared to the previous year.
- Redevelopment expenses decreased by \$2.9 million due to reduced redevelopment activities throughout the year.
- Parks and Community Services and Library expenses accounted for 8.5% of the total governmental activities expenses, and had a slight decrease of \$0.7 million from the previous year.

The chart below illustrates the total revenue from governmental activities for the fiscal year ended June 30, 2011 and 2010 respectively.



CITY OF CORONA

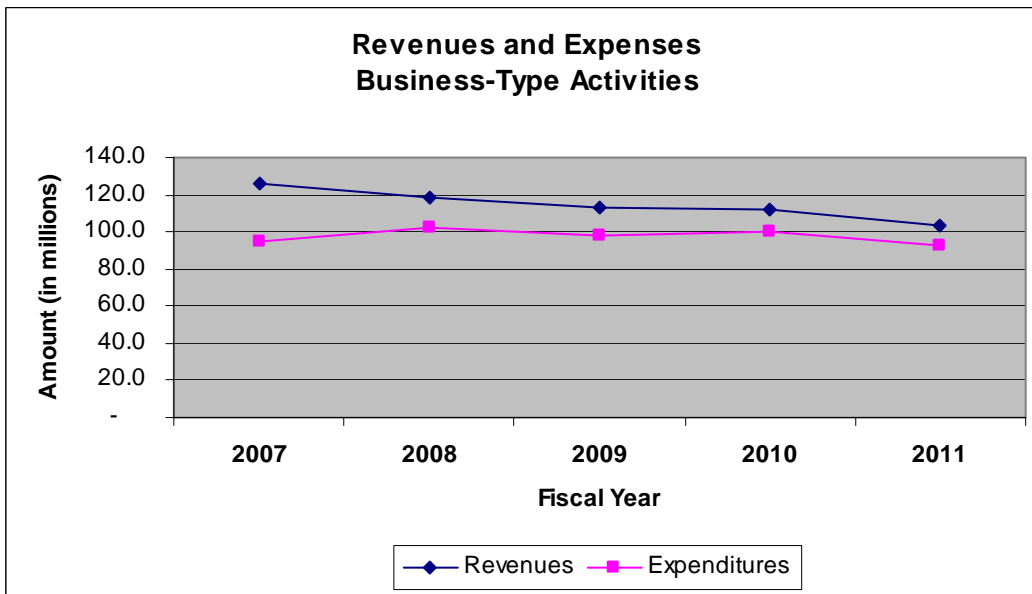
Management's Discussion and Analysis (continued)
June 30, 2011

Business-Type Activities

The City's net assets from business-type activities increased \$9.6 million. The net increase due to operations was \$11.0 million, with a restatement of \$(1.4) million to the beginning net assets, total net assets were \$158.0 at June 30, 2011. Net assets invested in capital assets, net of related debt was \$66.1 million, this is a decrease of \$153.7 million from the previous year, mainly due to the exclusion of \$172.6 million internal balances in regards to the capital lease.

Total expenses of all business-type activities for the fiscal year ended June 30, 2011 were \$92.8 million. As shown in the statement of activities and changes in net assets, the amount paid by users of the systems was \$93.4 million, operating grants and contributions were \$1.6 million and capital grants and contributions were \$3.2 million, with total program revenue of \$98.2 million. Investment earnings were \$3.2 million, consistent from the previous year.

Total resources available during the year to finance business type activities were \$248.3 million, consisting of net assets at July 1, 2010 of \$147.0 million, including a restatement of \$(1.4) million, program revenues of \$98.2 million, and general revenues of \$5.5 million. With the total expenses of \$92.8 million as analyzed above, net assets of business type activities increased by \$9.6 million from the previous year to \$158.0 million. The chart below presents revenues and expenses in business-type activities for the past five years.



Below is an analysis on major revenue sources and expenses for the business-type activities:

- Charges for services decreased by \$8.9 million or 8.7% over the prior year, largely contributable to the implementation of a tiered water rate structure, as well as, the citywide water conservation program.
- Expenses for Water and Water Reclamation utilities decreased by \$2.6 million due to the reduced demand. Expenses for Electric utility decreased by \$4.3 million as the result of the sale of the City's Cogeneration plant.
- Investment earnings maintained at the same level when compared to the previous year, contributing \$3.2 million as resources to the business-type activities.

CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2011

FUND FINANCIAL ANALYSIS

General Fund

The General Fund is the primary operating fund of the City. Fund balance for the General Fund increased by \$5.9 million for the fiscal year ended June 30, 2011, with an ending balance of \$83.5 million. The net increase was due to the following:

- Net transfers from other City funds in the amount of \$6.6 million, which primarily includes a \$3.8 million transfer of project savings from the Public Facility Projects fund and a \$2.3 million transfer of savings from Fleet Operations fund as the result of an extended fleet replacement schedule.
- Expenditures exceeded revenues by \$0.7 million during Fiscal Year 2010-11; and
- The write off of a Redevelopment Agency debt in the amount of \$0.3 million.

Total fund balance of the General Fund consists of the following:

- Nonspendable fund balance of \$15.1 million. This amount represents \$14.2 million in long-term receivables and \$0.9 million in inventory and prepaid items.
- Committed fund balance of \$18.1 million, which includes the City Council's commitment to Emergency Contingency of \$14.3 million, ECB Savings of \$2.3 million, and Designated Revenues of \$1.5 million.
- Assigned fund balance of \$50.3 million, which includes the amounts to be used for specific purposes of the City.

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in the Fiscal Year 2009-10. Comparative data from the previous year is presented below. For additional details of the City's General Fund fund balance, please refer to Note 16 in the Notes to the Basic Financial Statements.

**City of Corona's General Fund Fund Balance
Two-Year Comparison
(in millions)**

	<u>FY2010-11</u>	<u>FY2009-10</u>
Fund Balances:		
Nonspendable	\$ 15.1	\$ 19.7
Committed	18.1	17.6
Assigned	50.3	40.3
Total Fund Balance	<u>\$ 83.5</u>	<u>\$ 77.6</u>
Fund Balance - Beginning	\$ 77.6	\$ 74.9
Operating Surplus/(Deficit)	(0.7)	(8.1)
Transfers	6.6	3.5
Other	-	2.4
Restatement	-	4.9
Fund Balance - Ending	<u>\$ 83.5</u>	<u>\$ 77.6</u>

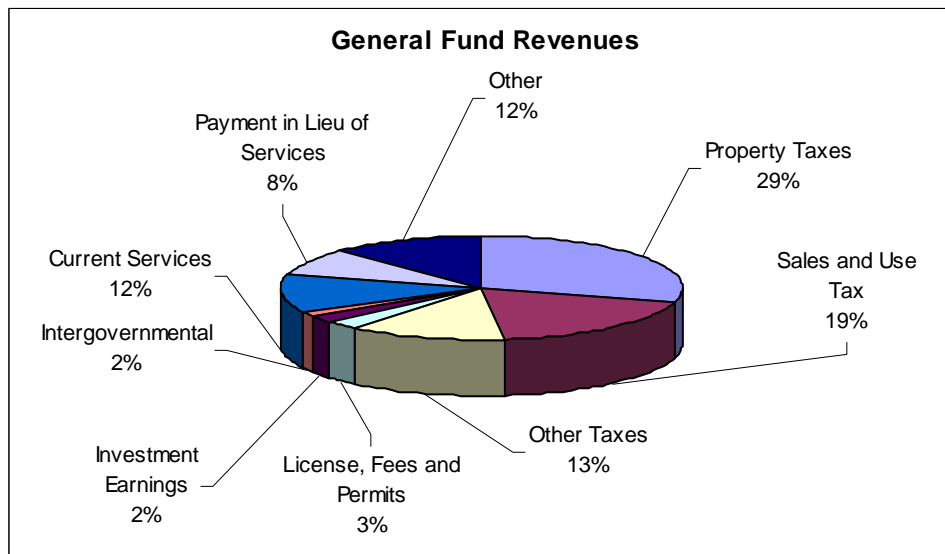
CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2011

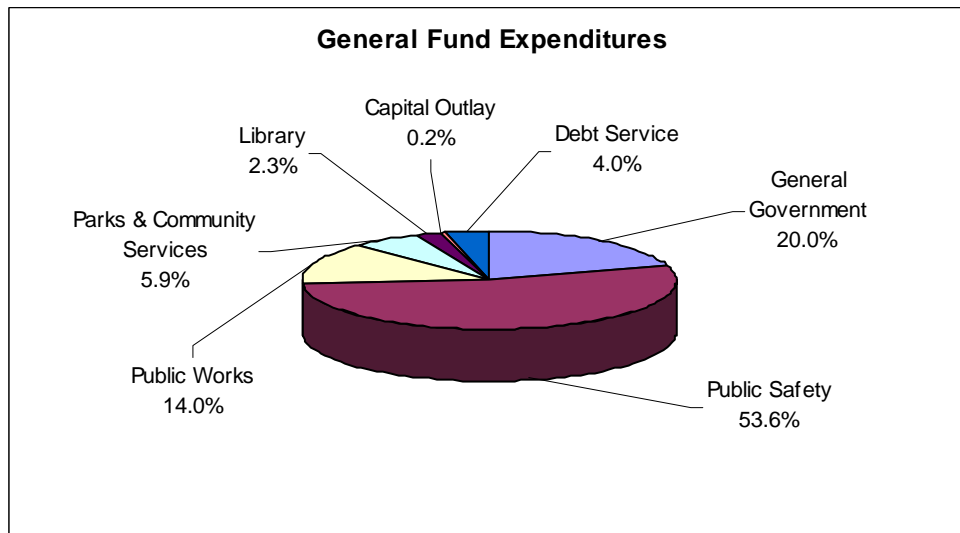
Overall General Fund revenue increased \$3.4 million comparing to the prior fiscal year. A \$1.0 million decrease in property taxes was offset by the increase in sales tax of \$2.0 million. Investment earnings decreased by \$2.0 million or 45.6% from the previous year as a result of much lowered investment rate of return and the decreased average monthly cash balance of the General Fund. Other revenues increased by \$4.6 million largely due to the catch-up capital lease payment made by the Water and Water Reclamation utilities during the year.

Expenditures were \$4.0 million lower than the previous year, a direct result of various budget saving strategies mainly including salary and benefit concessions and reduced travel and conferences budget implemented during the year.

The graph below illustrates General Fund revenues by source.



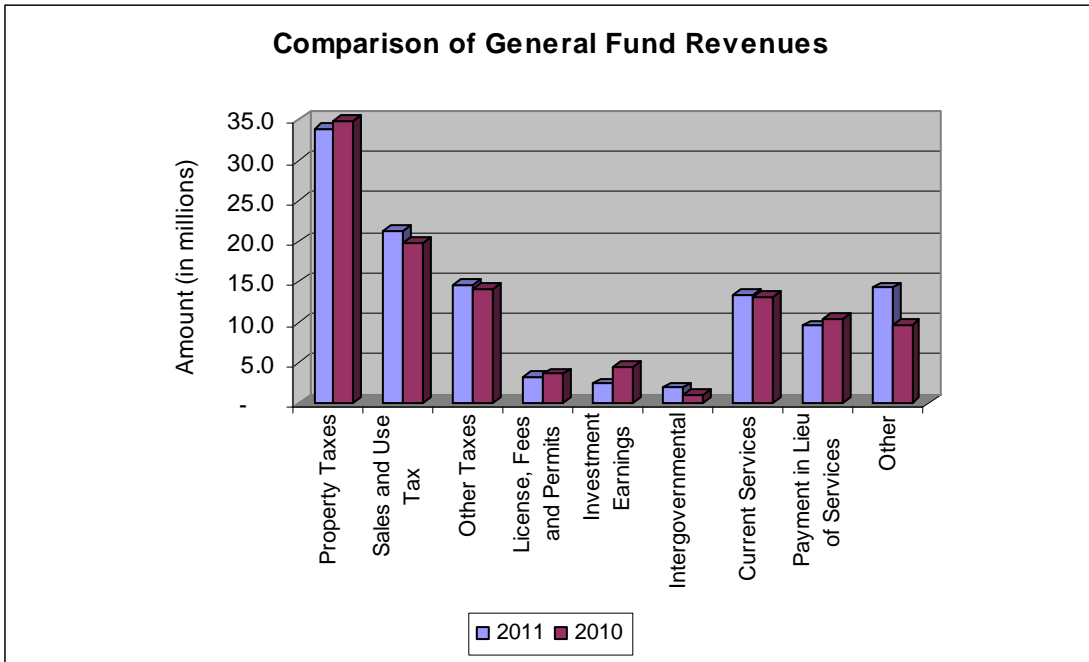
The graph below illustrates General Fund expenditures by category.



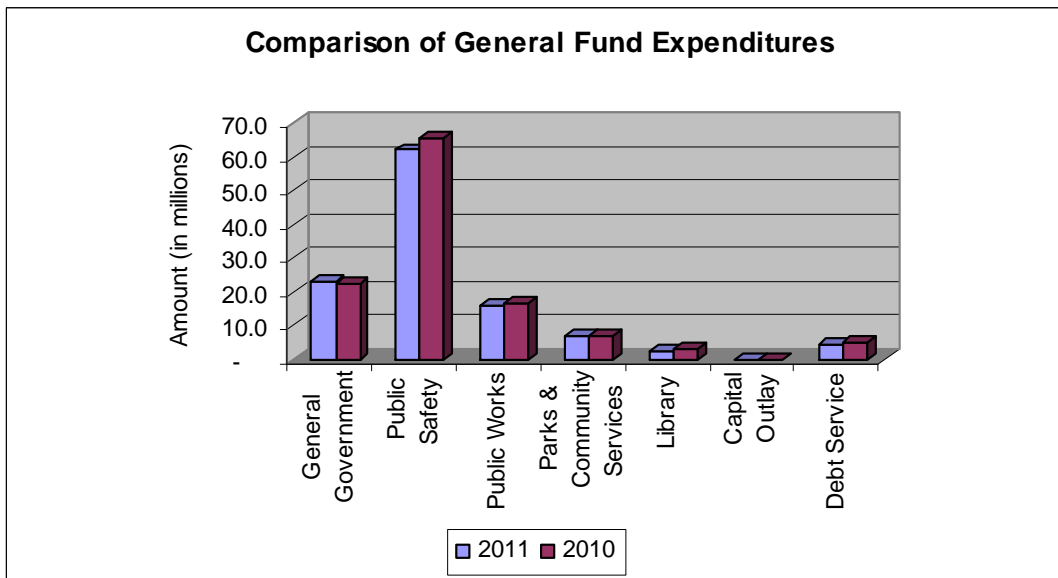
CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2011

The graph below presents a comparison of each General Fund revenue source for the fiscal years ended June 30, 2011 and 2010.



The graph below illustrates a comparison of each expenditure category for the fiscal years ended June 30, 2011 and 2010.



CITY OF CORONA

Management's Discussion and Analysis (continued)
June 30, 2011

During the current fiscal year, the General Fund transferred \$1.4 million to other funds, primarily to the Redevelopment capital project fund to provide for various developer agreements. A total amount of \$8.3 million was transferred from other funds to the General Fund, including \$3.8 million project savings from the Public Facility Project fund, \$2.8 million from Fleet Operations and Warehouse internal service funds, \$1.1 million reimbursement from the Gas Tax special revenue fund, and \$0.6 million residual equity from the General Obligation debt service fund.

Other Major Governmental Funds

The fund balance for the Development special revenue fund had a decrease of \$1.9 million from the previous year as development activities citywide remained low due to the economic recession.

The combined fund balances of Redevelopment special revenue and capital project fund had a decrease of \$72.0 million in fund balance largely due to a transfer made to the Corona Housing Authority (CHA) in the amount of \$69.3 million at June 30, 2011. The transfer was made in light of the possible elimination of redevelopment agencies state-wide. In an effort to retain local control over local resources and continue to achieve the housing goals established by the City's General Plan, the City Council created the CHA and transferred the housing component in the Redevelopment debt service fund to CHA to ensure these assets remain viable for future housing development.

The Redevelopment debt service fund had an increase in fund balance of \$4.5 million as a result of significant reduction in redevelopment activities caused by the uncertainty among state-wide redevelopment agencies. Please refer to Notes to the Basic Financial Statements No. 21 for additional information.

The Corona Housing Authority capital project fund was newly created in Fiscal Year 2010-11. The entire fund balance of \$69.3 million was transferred from the Redevelopment special revenue fund and Redevelopment capital project fund as explained above.

DEBT ADMINISTRATION

Long-term debt reported in governmental activities decreased by \$7.5 million in Fiscal Year 2010-11 due to debt reduction through normal scheduled debt service payments. A capital lease agreement was entered during the current year to finance the acquisition of City equipment. Please refer to Notes to the Basic Financial Statements No. 8 for additional information.

Debt of the business-type activities decreased by \$6.5 million in Fiscal Year 2010-11 as a result of normal scheduled debt service payments. No new debt was issued in the business-type activities during the current fiscal year.

CITY OF CORONA

Management's Discussion and Analysis (continued) June 30, 2011

The schedule of outstanding long-term debt with comparative amounts for the previous fiscal year is presented below:

	City of Corona's Outstanding Debt					
	(in millions)					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Loans and agreement payable	\$ 3.3	\$ 4.5	\$ 37.2	\$ 40.0	\$ 40.5	\$ 44.5
Tax allocation bonds	82.1	85.1			82.1	85.1
Lease revenue bonds	65.0	67.9			65.0	67.9
Water revenue bonds			27.4	28.4	27.4	28.4
Certificates of participation			90.3	93.0	90.3	93.0
Special assessment district bonds	1.0	1.4			1.0	1.4
Total Outstanding Debt	<u>\$ 151.4</u>	<u>\$ 158.9</u>	<u>\$ 154.9</u>	<u>\$ 161.4</u>	<u>\$ 306.3</u>	<u>\$ 320.3</u>

CAPITAL ASSETS

The capital assets of the City are those assets which are used in the performance of the City's functions including infrastructure assets. At June 30, 2011, net capital assets totaled \$606.8 million and \$337.5 million for the governmental and the business-type activities respectively. Depreciation on capital assets is recognized in the government-wide financial statements. Refer to the Notes to Basic Financial Statements No. 6 for details regarding capital assets.

The City has elected to use the "modified approach" as defined by GASB Statement No. 34 for infrastructure reporting for its paving system (streets). Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) condition assessments and summary of the results using a measurement scale; and (3) estimation of the annual amount to maintain and preserve at the established condition assessment level.
- The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

The City policy is to achieve an average rating of 70 for all streets. The average rating for the City's streets at June 30, 2011 was 81, which is above the City's policy level. The City's streets are constantly deteriorating resulting from traffic using and sun and water damages. The City is continuously taking actions to detain the deterioration through short-term maintenance activities such as pothole patching, street sweeping, and sidewalk repair. Actual expenditures for street maintenance for the fiscal year ended June 30, 2011 were \$4.7 million. These expenditures not only delayed deterioration, but also slightly increased the condition of the streets from the average rating of 79 in the prior year to 81 in the current year. The City has determined that the amount of annual expenditures required to maintain and preserve its streets at the current level through the year 2019 is a minimum of \$6.8 million per year. Please refer to page 110 for additional information on the "modified approach" for the City streets infrastructure capital assets.

CITY OF CORONA

Management's Discussion and Analysis (continued)
 June 30, 2011

The table below presents summary information on the City's capital assets.

	City of Corona's Capital Assets Net of Depreciation (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 63.7	\$ 60.6	\$ 3.0	\$ 2.9	\$ 66.7	\$ 63.5
Streets	172.2	172.0			172.2	172.0
Buildings and improvements	125.4	128.4	61.0	86.6	186.4	215.0
Machinery and equipment	10.5	10.2	40.3	55.6	50.8	65.8
Infrastructure	195.5	199.5	216.6	207.1	412.1	406.6
Construction in progress	39.4	45.7	7.4	26.2	46.8	71.9
Intangible assets	0.1	0.2	9.2	9.3	9.3	9.5
Total Capital Assets	\$ 606.8	\$ 616.6	\$ 337.5	\$ 387.7	\$ 944.3	\$ 1,004.3

GENERAL FUND BUDGETARY HIGHLIGHTS

The original General Fund budget for Fiscal Year 2010-11 was \$119.3 million. Continuing appropriations of \$4.2 million from prior fiscal year capital improvement projects and grants was approved to carryover into the current fiscal year. An additional \$0.8 million in committed purchase orders from the prior year was added to the original budget to arrive at the beginning balance of the adopted budget of \$124.3 million.

Original Budget	\$ 119,274,578
Continued Appropriations	4,182,113
Encumbrances	860,009
Adopted Budget	124,316,700
Supplemental Changes	(1,256,556)
Final Budget	<u>\$ 123,060,144</u>

Comparing the beginning balance of the adopted budget of \$124.3 million to the final budget of \$123.1 million, the General Fund had a net budgetary reduction of \$1.2 million for current fiscal year. These supplemental budgetary changes primarily included reductions of \$1.8 million in capital projects and motor pool appropriations, net against an increase of \$0.8 million from ECB budget savings that were approved for various departments throughout the year.

The General Fund final budget amount of \$123.1 million compared to the actual expenditures of \$115.4 million for Fiscal Year 2010-11 represents a favorable variance of \$7.6 million. This variance is largely comprised of the following: \$2.3 million in unspent capital outlay appropriations, \$2.5 million from Public Works, \$1.8 million from General Government, and \$0.9 million from Police. Please refer to the Required Supplementary Information section of this report for additional information.

Final Budget	\$ 123,060,144
Actual Expenditures	(115,449,751)
Budget Variance	<u>\$ 7,610,393</u>

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report, separate reports of the City's component units or need any additional financial information, contact the City of Corona Finance Department at 400 South Vicentia, Corona, California, 92882, phone 951-279-3500 or e-mail finance@ci.corona.ca.us.

Government-Wide Financial Statements

Governmental Activities – Activities include General Government, Fire, Police, Public Works, Redevelopment, Parks and Community Services and Library. Revenues to finance these activities include property and sales taxes, user fees, investment income, franchise fees and state and federal grants.

Business-Type Activities – Activities relate to the City's water system, water reclamation system, electric, transit and airport services. Fees charged to customers for the services provided cover all or most of the cost of the business-type activities.



CITY OF CORONA**Statement of Net Assets
June 30, 2011**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current Assets			
Cash and Investments	\$ 158,648,968	\$ 82,379,584	\$ 241,028,552
Accounts Receivable, Net	1,868,165	11,415,154	13,283,319
Interest Receivable	891,161	457,331	1,348,492
Due from Other Governmental Agencies	21,838,380	1,795,580	23,633,960
Inventories and Prepayments	1,213,643	2,545,961	3,759,604
Land Held for Resale	61,220,936		61,220,936
Restricted Assets:			
Cash and Investments	14,033,717	18,282,204	32,315,921
Total Current Assets	259,714,970	116,875,814	376,590,784
Noncurrent Assets			
Internal Balances - Capital Lease	172,628,344	(172,628,344)	-
Internal Balances - Interfund	2,129,966	(2,129,966)	-
Long-term Receivable	21,085,594	45,568,916	66,654,510
Capital Assets Not Being Depreciated:			
Land, Water Reclamation Rights and CIP	275,278,313	19,564,373	294,842,686
Capital Assets (net of accumulated depreciation):			
Building, Property, Equipment and Infrastructure	331,457,282	317,887,702	649,344,984
Intangible Assets	117,841	38,204	156,045
Total Capital Assets	606,853,436	337,490,279	944,343,715
Total Noncurrent Assets	802,697,340	208,300,885	1,010,998,225
Total Assets	1,062,412,310	325,176,699	1,387,589,009
Liabilities:			
Current Liabilities			
Accounts Payable and Accrued Liabilities	11,515,371	9,267,447	20,782,818
Claims and Judgments Payable	2,887,246		2,887,246
Deposits	6,438,391	1,185	6,439,576
Agreements Payable	1,708,265		1,708,265
Interest Payable	2,239,592		2,239,592
Unearned Revenue	5,973,521	1,951,807	7,925,328
Compensated Absences Payable	6,140,009	770,562	6,910,571
Long-term Debt - Due Within One Year	7,817,023	6,657,082	14,474,105
Liabilities Payable from Restricted Assets	296,900	216,334	513,234
Total Current Liabilities	45,016,318	18,864,417	63,880,735
Noncurrent Liabilities			
Long-term Debt - Due in More than One Year	143,575,307	148,276,348	291,851,655
Claims and Judgments Payable	15,214,754		15,214,754
Pension Related Debt	6,315,503		6,315,503
Compensated Absences Payable	2,790,416	49,024	2,839,440
Total Noncurrent Liabilities	167,895,980	148,325,372	316,221,352
Total Liabilities	212,912,298	167,189,789	380,102,087
Net Assets:			
Invested in Capital Assets, Net of Related Debt	512,867,317	66,109,520	578,976,837
Restricted for:			
Capital Projects	26,795,896		26,795,896
Debt Service	10,773,995		10,773,995
Specific Projects and Programs	50,908,926	18,065,870	68,974,796
Total Restricted Net Assets	88,478,817	18,065,870	106,544,687
Unrestricted	248,153,878	73,811,520	321,965,398
Total Net Assets	\$ 849,500,012	\$ 157,986,910	\$ 1,007,486,922

The accompanying notes are an integral part of these financial statements.

CITY OF CORONA

**Statement of Activities and Changes in Net Assets
Year Ended June 30, 2011**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities					
General Government	\$ 21,771,013	\$ 7,466,080	\$ 120,788	\$ -	\$ 7,586,868
Public Safety - Fire	23,066,539	3,092,311	1,233,106	59,937	4,385,354
Public Safety - Police	40,465,516	3,295,825	1,334,767	20,358	4,650,950
Public Works	29,415,423	12,699,434	10,016,515	3,138,946	25,854,895
Redevelopment	15,368,206		5,175,613	425,585	5,601,198
Parks and Community Services	13,621,128	7,512,286	564,619	98,507	8,175,412
Library	2,745,336	280,729	237,976		518,705
Interest and Fiscal Charges	14,655,640				
Total Governmental Activities	161,108,801	34,346,665	18,683,384	3,743,333	56,773,382
Business-Type Activities:					
Water	46,791,524	48,103,987	122,308	2,549,714	50,776,009
Water Reclamation	25,940,578	27,361,203		695,353	28,056,556
Electric	17,638,508	17,247,983			17,247,983
Transit Services	2,078,197	364,830	1,478,136	16,255	1,859,221
Airport	328,658	297,638			297,638
Total Business-Type Activities	92,777,465	93,375,641	1,600,444	3,261,322	98,237,407
Total Primary Government	\$ 253,886,266	\$ 127,722,306	\$ 20,283,828	\$ 7,004,655	\$ 155,010,789

General Revenues:

Taxes:

Property Taxes
 Sales and Use Tax
 Franchise Tax
 Business Tax
 Transient Occupancy Tax
 Property Transfer Tax
 Dwelling Development Tax
 Total Taxes

Grants and Contributions not Restricted to Specific Programs

Investment Earnings
 Lease and Rental Income
 Labor Abatement
 Other Income

Gain on Sale of Capital Assets

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning, as Restated

Net Assets - Ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (14,184,145)	\$ -	\$ (14,184,145)
(18,681,185)		(18,681,185)
(35,814,566)		(35,814,566)
(3,560,528)		(3,560,528)
(9,767,008)		(9,767,008)
(5,445,716)		(5,445,716)
(2,226,631)		(2,226,631)
(14,655,640)		(14,655,640)
<u>(104,335,419)</u>	<u>-</u>	<u>(104,335,419)</u>
	3,984,485	3,984,485
	2,115,978	2,115,978
	(390,525)	(390,525)
	(218,976)	(218,976)
	(31,020)	(31,020)
<u>-</u>	<u>5,459,942</u>	<u>5,459,942</u>
<u>(104,335,419)</u>	<u>5,459,942</u>	<u>(98,875,477)</u>
59,090,960		59,090,960
28,505,050		28,505,050
4,343,908		4,343,908
1,740,974		1,740,974
1,184,173		1,184,173
448,702		448,702
84,480		84,480
<u>95,398,247</u>	<u>-</u>	<u>95,398,247</u>
686,338		686,338
3,380,168	3,178,516	6,558,684
11,646,814		11,646,814
382,925		382,925
275,739		275,739
	2,350,130	2,350,130
40,000	(40,000)	-
<u>111,810,231</u>	<u>5,488,646</u>	<u>117,298,877</u>
7,474,812	10,948,588	18,423,400
842,025,200	147,038,322	989,063,522
<u>\$ 849,500,012</u>	<u>\$ 157,986,910</u>	<u>\$ 1,007,486,922</u>

The accompanying notes are an integral part of these financial statements.



Governmental Fund Financial Statements

MAJOR FUNDS:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources not required to be accounted for in another fund, and for certain general programs and activities including equipment capital outlay and City facilities.

Special Revenue Funds

Development Fund – This fund is used to account for park dedication fees, dwelling development fees and other development fees received. The fees collected are used to offset the burden resulting from new developments.

Redevelopment Fund – This fund is used to account for tax increment monies that are set aside to provide housing assistance to low and moderate income families in Corona and miscellaneous developer agreements related to sales tax generated in a specific project area.

Debt Service Fund

Redevelopment Debt Service Fund – This fund is used to account for tax levies, rentals and other revenues and payments of principal and interest on Redevelopment loans and bonds.

Capital Project Funds

Redevelopment Capital Project Fund – This fund is used to account for transactions related to proceeds from bonds and other resources and their use to perform redevelopment activities within specific project areas.

Corona Housing Authority Fund – This fund is used to account for transactions related to affordable housing activities as prescribed in the Housing Element of the City's General Plan.

NON-MAJOR GOVERNMENTAL FUNDS:

Other Governmental Funds – These funds represent the non-major governmental funds, which include special revenue, debt service and capital project funds.

CITY OF CORONA**Balance Sheet
Governmental Funds
June 30, 2011**

	General Fund	Development Special Revenue	Redevelopment Special Revenue	Redevelopment Debt Service
Assets:				
Cash and Investments	\$ 65,978,130	\$ 15,262,112	\$ 561,529	\$ 7,766,678
Accounts Receivable, Net	1,824,548	18	329	
Interest Receivable	538,080	77,787	2,982	59,861
Due from Other Governmental Agencies	12,571,111	17	13,071	41,133
Due from Other Funds	4,537,721			
Long-term Receivable	481,553	1,583,380		
Interfund Advances Receivable	13,700,483	374,171	5,308,281	
Long-term Capital Lease Receivable	172,628,344			
Loans Receivable		41,280	15,824,362	
Inventories and Prepayments	931,185			
Land Held for Resale				
Restricted Assets:				
Cash and Investments	6,996	8,264	890,104	6,280,709
Total Assets	\$ 273,198,151	\$ 17,347,029	\$ 22,600,658	\$ 14,148,381
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 6,752,202	\$ 81,209	\$ 108,777	\$ 3,150,776
Deposits	6,144,512			
Due to Other Funds				
Agreements Payable				
Deferred Revenues	176,775,860	1,624,660	20,784,707	
Interfund Advances Payable		11,164,760		5,714,038
Liabilities Payable from Restricted Assets	6,996	8,264		
Total Liabilities	189,679,570	12,878,893	20,893,484	8,864,814
Fund Balances:				
Nonspendable	15,112,080		347,936	
Restricted			1,359,238	5,283,567
Committed	18,072,691			
Assigned	50,333,810	4,468,136		
Total Fund Balances	83,518,581	4,468,136	1,707,174	5,283,567
Total Liabilities and Fund Balances	\$ 273,198,151	\$ 17,347,029	\$ 22,600,658	\$ 14,148,381

The accompanying notes are an integral part of these financial statements.

Redevelopment Capital Projects	Corona Housing Authority	Other Governmental Funds	Total Governmental Funds
\$ 11,620,579	\$ 8,033,621	\$ 22,427,460	\$ 131,650,109
1,076		8,983	1,834,954
44,499		167,952	891,161
		9,213,048	21,838,380
			4,537,721
		1,025,000	3,089,933
			19,382,935
			172,628,344
500,000		1,630,019	17,995,661
			931,185
	61,220,936		61,220,936
1,286,673		5,560,971	14,033,717
<u>\$ 13,452,827</u>	<u>\$ 69,254,557</u>	<u>\$ 40,033,433</u>	<u>\$ 450,035,036</u>
\$ 217,405	\$ -	\$ 899,485	\$ 11,209,854
293,879			6,438,391
		4,537,721	4,537,721
1,708,265			1,708,265
500,000		3,464,659	203,149,886
		374,171	17,252,969
5,254		276,386	296,900
<u>2,724,803</u>	<u>-</u>	<u>9,552,422</u>	<u>244,593,986</u>
	61,220,936		76,680,952
1,286,673	8,033,621	19,328,921	35,292,020
			18,072,691
9,441,351		11,152,090	75,395,387
<u>10,728,024</u>	<u>69,254,557</u>	<u>30,481,011</u>	<u>205,441,050</u>
<u>\$ 13,452,827</u>	<u>\$ 69,254,557</u>	<u>\$ 40,033,433</u>	<u>\$ 450,035,036</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CORONA

**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2011**

Total Fund Balances - Total Governmental Funds \$ 205,441,050

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 606,826,785

Deferred revenues reported in the governmental funds balance sheet includes loans receivable, capital lease and franchise fees. The balance was deferred because funds were not available to pay for current period expenditures. 197,176,365

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet. (2,239,592)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net assets. 8,827,170

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.

Compensated Absences	(8,850,052)
Pension Related Debt	(6,315,503)
Long-term Debt	<u>(151,366,211)</u>

Net Assets of Governmental Activities \$ 849,500,012



CITY OF CORONA**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2011**

	<u>General Fund</u>	<u>Development Special Revenue</u>	<u>Redevelopment Special Revenue</u>	<u>Redevelopment Debt Service</u>
Revenues:				
Property Taxes	\$ 33,892,315	\$ -	\$ 5,039,729	\$ 20,158,916
Other Taxes	35,900,324			
Licenses, Fees and Permits	1,314,969	458,105		
Fines and Penalties	2,015,054			
Special Assessments				
Investment Earnings	2,422,646	273,386	(54,731)	31,958
Intergovernmental Revenues	1,885,404			
Current Services	13,447,519			
Payments in Lieu of Services	9,597,413	84,480		
Other Revenues	14,281,175	2,651	368,031	
Total Revenues	<u>114,756,819</u>	<u>818,622</u>	<u>5,353,029</u>	<u>20,190,874</u>
Expenditures:				
Current:				
General Government	23,042,654			
Community Development				
Public Safety - Fire	23,054,512	13,839		
Public Safety - Police	38,878,161	122,851		
Public Works	16,101,825	207,548		
Parks and Community Services	6,801,409			
Redevelopment			3,009,001	2,014,408
Library	2,646,613	8,727		
Capital Outlay	239,679	1,344,240		
Debt Service:				
Principal Retirement	2,075,000	815,000	365,000	2,870,834
Interest and Fiscal Charges	2,609,898	186,215	415,922	11,123,986
Total Expenditures	<u>115,449,751</u>	<u>2,698,420</u>	<u>3,789,923</u>	<u>16,009,228</u>
Excess of Revenues Over (Under) Expenditures	<u>(692,932)</u>	<u>(1,879,798)</u>	<u>1,563,106</u>	<u>4,181,646</u>
Other Financing Sources (Uses):				
Transfers In	8,291,508	14		295,988
Transfers Out	(1,725,233)		(12,400,327)	
Total Other Financing Sources (Uses)	<u>6,566,275</u>	<u>14</u>	<u>(12,400,327)</u>	<u>295,988</u>
Net Change in Fund Balances	5,873,343	(1,879,784)	(10,837,221)	4,477,634
Fund Balances - Beginning, as Restated	77,645,238	6,347,920	12,544,395	805,933
Fund Balances - Ending	<u>\$ 83,518,581</u>	<u>\$ 4,468,136</u>	<u>\$ 1,707,174</u>	<u>\$ 5,283,567</u>

The accompanying notes are an integral part of these financial statements.

Redevelopment Capital Projects	Corona Housing Authority	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 59,090,960
			35,900,324
		414,392	2,187,466
		153,766	2,168,820
		9,645,684	9,645,684
146,405		560,504	3,380,168
		15,254,773	17,140,177
		277,270	13,724,789
613,932		1,567,647	9,681,893
<u>760,337</u>	<u>-</u>	<u>27,874,036</u>	<u>169,753,717</u>
420,973		1,523	23,465,150
129,310			129,310
			23,068,351
78,882		443,283	39,523,177
124,642		9,009,402	25,443,417
		5,327,394	12,128,803
4,475,578		1,443,996	10,942,983
		38,852	2,694,192
1,850		9,503,649	11,089,418
1,042,668		410,000	7,578,502
157,332		263,292	14,756,645
<u>6,431,235</u>	<u>-</u>	<u>26,441,391</u>	<u>170,819,948</u>
<u>(5,670,898)</u>	<u>-</u>	<u>1,432,645</u>	<u>(1,066,231)</u>
1,409,357	69,254,557	278,033	79,529,457
(56,854,230)		(5,694,347)	(76,674,137)
<u>(55,444,873)</u>	<u>69,254,557</u>	<u>(5,416,314)</u>	<u>2,855,320</u>
(61,115,771)	69,254,557	(3,983,669)	1,789,089
71,843,795		34,464,680	203,651,961
<u>\$ 10,728,024</u>	<u>\$ 69,254,557</u>	<u>\$ 30,481,011</u>	<u>\$ 205,441,050</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CORONA

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds	\$ 1,789,089
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Additions and adjustments to capital assets amounted to \$10,236,643, less deletions of \$910,991, resulted in the net amount of capital assets of \$9,325,652 in the current period.	9,325,652
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.	(11,520,791)
Some revenues will not be collected immediately after the City's fiscal year end, they are not considered available revenues and are deferred in the governmental funds. Deferred revenues is decreased by \$1,445,836 this year.	1,445,836
Long-term compensated absences are reported in the government-wide statement of activities and changes in net assets, but do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in governmental funds. This amount represents the change from the prior year.	(152,480)
Proceeds from long-term liabilities provide current financial resources to governmental funds, but incurring debt increases long-term liabilities in the government-wide statement of net assets. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net assets.	
Repayment of pension related debt	875,632
Repayment of long-term obligations	7,578,502
Interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but do not require the use of current financial resources. Therefore, interest expense is not reported as expenditures in governmental funds. This amount represents the change in accrued interest from the prior year.	101,005
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet operations, to individual funds. The net revenue of the Internal Service Funds is reported with governmental activities.	<u>(1,967,633)</u>
Change in Net Assets of Governmental Activities	<u>\$ 7,474,812</u>

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Financial Statements

MAJOR FUNDS:

Water Fund – This fund is used to account for the operation of the City’s water utility, a self supporting activity which renders services on a user charge basis to residents and businesses located in the City.

Water Reclamation Fund – This fund is used to account for the operation of the City’s water reclamation utility, a self supporting activity which renders services on a user charge basis to residents and businesses located in the City.

Electric Fund – This fund is used to account for the operation of the City electric utility, a self supporting activity which renders services on a user charge basis to businesses located in the City.

NON-MAJOR PROPRIETARY FUNDS:

Other Funds – These funds represent the non-major proprietary funds, which include Public Financing Authority Fund and Public Improvement Corporation Fund.

GOVERNMENTAL ACTIVITIES – INTERNAL SERVICE FUNDS:

These funds are used to account for goods and services provided to other City departments or agencies on a cost reimbursement basis.

CITY OF CORONA**Statement of Net Assets
Proprietary Funds
June 30, 2011**

	Corona Utility Authority		
	Water	Water Reclamation	Electric
Assets:			
Current Assets			
Cash and Investments	\$ 42,948,684	\$ 32,565,451	\$ 6,240,059
Accounts Receivable, Net	7,940,781	1,909,570	1,510,179
Interest Receivable	227,275	172,951	42,968
Due from Other Governmental Agencies	1,783,928	2,710	6,145
Inventories and Prepayments	2,520,961		25,000
Restricted Assets:			
Cash and Investments	56,088	160,246	9,145,425
Total Current Assets	<u>55,477,717</u>	<u>34,810,928</u>	<u>16,969,776</u>
Noncurrent Assets			
Interfund Advances Receivable	473,875		19,371,631
Long-term Receivable	15,366	14,552	45,538,998
Capital Assets:			
Land, Water Reclamation Rights and CIP	14,590,070	4,580,587	393,716
Depreciable buildings, property, equipment and infrastructure, net	195,659,350	106,508,980	14,238,869
Intangible Assets	38,204		
Total Capital Assets	<u>210,287,624</u>	<u>111,089,567</u>	<u>14,632,585</u>
Total Noncurrent Assets	<u>210,776,865</u>	<u>111,104,119</u>	<u>79,543,214</u>
Total Assets	<u>266,254,582</u>	<u>145,915,047</u>	<u>96,512,990</u>
Liabilities:			
Current Liabilities			
Accounts Payable and Accrued Liabilities	4,875,152	2,094,996	2,160,483
Claims and Judgments Payable			
Deposits			
Unearned Revenue	1,597,310		
Compensated Absences Payable	367,894	245,646	142,985
Long-term Debt - Due Within One Year	2,806,772	1,610,310	2,240,000
Liabilities Payable from Restricted Assets	56,088	160,246	
Total Current Liabilities	<u>9,703,216</u>	<u>4,111,198</u>	<u>4,543,468</u>
Noncurrent Liabilities			
Interfund Advances Payable	750,000	13,257,681	1,174,966
Compensated Absences Payable			49,024
Long-term Capital Lease Payable	106,819,662	65,808,682	
Long-term Debt - Due in More than One Year	56,880,896	12,180,452	79,215,000
Claims and Judgments Payable			
Total Noncurrent Liabilities	<u>164,450,558</u>	<u>91,246,815</u>	<u>80,438,990</u>
Total Liabilities	<u>174,153,774</u>	<u>95,358,013</u>	<u>84,982,458</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt Restricted	43,030,294	18,232,442	3,571,281
Specific Projects and Programs			9,145,425
Unrestricted	49,070,514	32,324,592	(1,186,174)
Total Net Assets	<u>\$ 92,100,808</u>	<u>\$ 50,557,034</u>	<u>\$ 11,530,532</u>

The accompanying notes are an integral part of these financial statements.

<u>Nonmajor Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 625,390	\$ 82,379,584	\$ 26,998,859
54,624	11,415,154	33,211
14,137	457,331	
2,797	1,795,580	
	2,545,961	282,458
<u>8,920,445</u>	<u>18,282,204</u>	
<u>9,617,393</u>	<u>116,875,814</u>	<u>27,314,528</u>
	19,845,506	
	45,568,916	
	19,564,373	
1,480,503	317,887,702	26,651
	38,204	
<u>1,480,503</u>	<u>337,490,279</u>	<u>26,651</u>
<u>1,480,503</u>	<u>402,904,701</u>	<u>26,651</u>
<u>11,097,896</u>	<u>519,780,515</u>	<u>27,341,179</u>
136,816	9,267,447	305,517
		2,887,246
1,185	1,185	
354,497	1,951,807	
14,037	770,562	80,373
	6,657,082	5,051
	216,334	
<u>506,535</u>	<u>18,864,417</u>	<u>3,278,187</u>
6,792,825	21,975,472	
	49,024	
	172,628,344	
	148,276,348	21,068
		15,214,754
<u>6,792,825</u>	<u>342,929,188</u>	<u>15,235,822</u>
<u>7,299,360</u>	<u>361,793,605</u>	<u>18,514,009</u>
1,275,503	66,109,520	532
8,920,445	18,065,870	
(6,397,412)	73,811,520	8,826,638
<u>\$ 3,798,536</u>	<u>\$ 157,986,910</u>	<u>\$ 8,827,170</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CORONA**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2011**

	Corona Utility Authority		
	Water	Water Reclamation	Electric
Operating Revenues:			
Utility Service Charges	\$ 45,737,724	\$ 26,317,303	\$ 16,897,970
Intergovernmental Revenues			6,145
Fees and Permits	1,224,845	461,067	
Fines and Penalties	638,714	370,058	136,658
Other Revenues	502,704	212,775	207,210
Total Operating Revenues	48,103,987	27,361,203	17,247,983
Operating Expenses:			
Personnel Services	7,193,372	4,764,074	1,992,919
Contractual	1,796,244	1,405,091	389,248
Materials and Supplies	18,066,643	8,206,714	1,940,730
Utilities	5,149,183	2,695,946	9,369,160
Depreciation and Amortization	6,103,574	4,199,202	884,753
Claims Expense			
Total Operating Expenses	38,309,016	21,271,027	14,576,810
Operating Income (Loss)	9,794,971	6,090,176	2,671,173
Non-Operating Revenues (Expenses):			
Investment Earnings	936,325	693,193	1,356,615
Interest Expense	(8,482,508)	(4,446,856)	(3,061,698)
Operating Grants and Contributions	122,308		
Gain (Loss) from Asset Disposal			2,354,908
Total Non-Operating Revenues	(7,423,875)	(3,753,663)	649,825
Income (Loss) before Contributions and Transfers	2,371,096	2,336,513	3,320,998
Capital Grants and Contributions	2,549,714	695,353	
Transfers In			
Transfers Out	(460,780)		(40,000)
Change in Net Assets	4,460,030	3,031,866	3,280,998
Total Net Assets - Beginning of Year, As Restated	87,640,778	47,525,168	8,249,534
Total Net Assets - End of Year	\$ 92,100,808	\$ 50,557,034	\$ 11,530,532

The accompanying notes are an integral part of these financial statements.

Nonmajor Funds	Totals	Governmental Activities Internal Service Funds
\$ -	\$ 88,952,997	\$ -
76,047	82,192	
42,138	1,728,050	
	1,145,430	
544,283	1,466,972	9,289,132
<u>662,468</u>	<u>93,375,641</u>	<u>9,289,132</u>
478,800	14,429,165	1,601,997
1,300,331	4,890,914	559,076
145,411	28,359,498	1,460,457
216,450	17,430,739	965,077
265,863	11,453,392	683
		3,854,155
<u>2,406,855</u>	<u>76,563,708</u>	<u>8,441,445</u>
<u>(1,744,387)</u>	<u>16,811,933</u>	<u>847,687</u>
192,383	3,178,516	
(222,695)	(16,213,757)	
1,478,136	1,600,444	
(4,778)	2,350,130	
<u>1,443,046</u>	<u>(9,084,667)</u>	
<u>(301,341)</u>	<u>7,727,266</u>	<u>847,687</u>
16,255	3,261,322	
460,780	460,780	
	(500,780)	(2,815,320)
<u>175,694</u>	<u>10,948,588</u>	<u>(1,967,633)</u>
3,622,842	147,038,322	10,794,803
<u>\$ 3,798,536</u>	<u>\$ 157,986,910</u>	<u>\$ 8,827,170</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CORONA**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2011**

	Corona Utility Authority		
	Water	Water Reclamation	Electric
Cash Flow from Operating Activities:			
Receipts (Payments) from Customers/Other Funds	\$ 46,744,141	\$ 27,291,720	\$ 16,847,203
Payment to Suppliers of Goods and Services	(23,423,989)	(11,639,985)	(11,671,704)
Payment to Employees for Services	(7,282,980)	(4,806,949)	(1,938,227)
Payment on Current Claims			
Decrease in Long-term Claims			
Other Receipts			350,013
Net Cash Provided by (Used for) Operating Activities	<u>16,037,172</u>	<u>10,844,786</u>	<u>3,587,285</u>
Cash Flows from Noncapital Financing Activities:			
Operating Grants and Contributions	122,308		
Compensated Absences			
Transfers Received			
Transfers Paid	(460,780)		(40,000)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(338,472)</u>	<u>-</u>	<u>(40,000)</u>
Cash Flows from Capital and Related Financing Activities:			
Capital Grants and Contributions	2,216,522	369,490	
Acquisition and Construction of Capital Assets	(2,783,436)	(2,379,850)	(31,321)
Retirement of Long-term Installments Payable	(3,216,682)	(1,930,935)	(2,160,000)
Proceeds from Disposal of Capital Assets		44,426	
Proceeds (Payments) on Capital Debt and Interfund Loan	1,250,000		349,223
Interest payments of Long-term debt	(8,482,508)	(4,446,856)	(3,061,698)
Net Cash (Used in) Capital and Related Financing Activities	<u>(11,016,104)</u>	<u>(8,343,725)</u>	<u>(4,903,796)</u>
Cash Flows from Investing Activities:			
Interest on Investments	950,403	709,819	1,360,108
Net Cash Provided by Investing Activities	<u>950,403</u>	<u>709,819</u>	<u>1,360,108</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>5,632,999</u>	<u>3,210,880</u>	<u>3,597</u>
Cash and Cash Equivalent			
Beginning	37,371,773	29,514,817	15,381,887
Ending (including \$18,282,204 in restricted accounts)	<u>\$ 43,004,772</u>	<u>\$ 32,725,697</u>	<u>\$ 15,385,484</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ 9,794,971	\$ 6,090,176	\$ 2,671,173
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:			
Depreciation and Amortization	6,103,574	4,199,202	884,753
Write-off of Capital Assets	14,572	(30,628)	
Changes in Assets and Liabilities:			
Accounts Receivable	423,460	(66,774)	(44,622)
Due from Other Governmental Agencies	(1,783,306)	(2,710)	(6,145)
Inventories and Prepayments			
Accounts Payable and Accrued Liabilities	1,573,509	698,394	27,434
Claims and Judgments Payable			
Unearned Revenues			
Compensated Absences Payable	(89,608)	(42,874)	54,692
Net Cash Provided by (Used for) Operating Activities	<u>\$ 16,037,172</u>	<u>\$ 10,844,786</u>	<u>\$ 3,587,285</u>
Noncash Investing, Capital and Financing Activities:			
Capital Assets Contributed by Developers	<u>\$ 333,192</u>	<u>\$ 325,863</u>	

The accompanying notes are an integral part of these financial statements.

Nonmajor Funds	Totals	Governmental Activities Internal Service Funds
\$ 572,642	\$ 91,455,706	\$ 9,069,487
(1,735,122)	(48,470,800)	(3,021,380)
(472,754)	(14,500,910)	(1,607,292)
		(877,754)
		(1,584,401)
574,283	924,296	199,411
<u>(1,060,951)</u>	<u>29,408,292</u>	<u>2,178,071</u>
1,478,136	1,600,444	
(13,886)	(13,886)	
460,780	460,780	
	(500,780)	(2,815,320)
<u>1,925,030</u>	<u>1,546,558</u>	<u>(2,815,320)</u>
16,255	2,602,267	
(16,255)	(5,210,862)	(27,334)
	(7,307,617)	(1,215)
51,000	95,426	
(15,000)	1,584,223	
(222,695)	(16,213,757)	27,334
<u>(186,695)</u>	<u>(24,450,320)</u>	<u>(1,215)</u>
269,597	3,289,927	4,303
<u>269,597</u>	<u>3,289,927</u>	<u>4,303</u>
946,981	9,794,457	(634,161)
8,598,854	90,867,331	27,633,020
<u>\$ 9,545,835</u>	<u>\$ 100,661,788</u>	<u>\$ 26,998,859</u>
\$ (1,744,387)	\$ 16,811,933	\$ 847,687
265,863	11,453,392	683
	(16,056)	
(53,511)	258,553	(20,234)
478,144	(1,314,017)	
		(49,722)
(21,930)	2,277,407	7,117
		1,392,000
8,824	8,824	
6,046	(71,744)	540
<u>\$ (1,060,951)</u>	<u>\$ 29,408,292</u>	<u>\$ 2,178,071</u>
	<u>\$ 659,055</u>	

The accompanying notes are an integral part of these financial statements.



Fiduciary Fund Financial Statements

Fiduciary Fund represents an Agency Fund, which is custodial in nature and is used to account for receipts of special assessments and taxes that will be used to pay principal and interest on the bonds that have no direct City obligation.



CITY OF CORONA

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Pass Through Agency Fund
Assets:	
Cash and Investments	\$ 1,154,589
Interest Receivable	145,304
Due from Other Governmental Agencies	693,800
Restricted Assets:	
Cash and Investments	<u>28,536,034</u>
Total Assets	<u><u>\$ 30,529,727</u></u>
Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 30,978
Due to Bondholders	<u>30,498,749</u>
Total Liabilities	<u><u>\$ 30,529,727</u></u>

The accompanying notes are an integral part of these financial statements.



CITY OF CORONA

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Year Ended June 30, 2011

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CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

1. Summary of Significant Accounting Policies

A. Description of the Reporting Entity

The City of Corona was incorporated in 1896 under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: Public Safety (Police and Fire), Streets and Highways, Water, Water Reclamation, Electric, Public Library, Parks, Public Improvements, Planning and Zoning, Public Transportation (Transit Services) and General Administrative Services.

The accompanying comprehensive annual financial report includes the financial activities of the City of Corona, the primary government, and its component units, which are the Redevelopment Agency of the City of Corona (Agency), the Corona Public Financing Authority (CPFA), the Corona Public Improvement Corporation (CPIC), the Corona Utility Authority (Authority), and the Corona Housing Authority (CHA). Financial information for the City and these component units is accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board. The City Council members, in separate session, serve as the governing board of the Agency, the CPFA, the CPIC, the Authority, and the CHA, as such, these entities are presented on a blended basis. Separate financial statements are produced for the Agency and the Authority component units of the City and may be obtained from the City's Finance Administration office.

Blended Component Units

The Redevelopment Agency of the City of Corona was established August 5, 1964, pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Redevelopment Law" and on November 11, 1975, the City Council became the governing board. The Agency was formed for the purpose of preparing and carrying out plans for improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City. City staff provides management assistance to the Agency. The funds of the Agency have been included in the governmental activities in the financial statements.

The Corona Public Financing Authority is a joint powers authority organized under Section 6500 et seq. of the California Government Code on June 21, 1989, between the City and the Agency for the purpose of acting as a vehicle for various financing activities of the City and the Agency. The CPFA's Board of Directors is the Corona City Council. The funds of the CPFA have been included in the governmental activities in the financial statements. Funds related to debt issued for proprietary activities are included in the business-type activities.

The Corona Public Improvement Corporation was organized pursuant to the Nonprofit Public Benefit Corporation Law of the State of California (Title 1, Division 2, Part 2 of the California Corporations Code) on April 7, 1986 for the purpose of providing financial assistance to the City by acquiring, constructing, improving, developing and installing certain real and personal property together with appurtenances and appurtenant work for the use, benefit and enjoyment of the public. The CPIC's Board of Trustees is the Corona City Council. The funds of the CPIC have been included in the governmental activities in the financial statements. Funds related to debt issued for proprietary activities are included in the business-type activities.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

The Corona Utility Authority is a joint powers authority which was established on February 6, 2002 pursuant to a Joint Exercise of Powers Agreement between the City and the Agency in accordance with the Joint Powers Law (Articles 1 through 4 of Chapter 5, Division 7, Title 1 of the California Government Code) for the purpose of assisting the City in the leasing of the water and water reclamation utility systems. The Authority's Officers are the Corona City Council. The funds of the Authority have been included in the business-type activities in the financial statements.

The Corona Housing Authority was established on February 16, 2011, pursuant to the California Housing Authority Law codified under State of California Health and Safety Code, Section 34200 et seq. The City Council became the commissioners of governing board of the CHA. The CHA was formed for purposes of providing sanitary and safe housing for people of very low, low or moderate income within the City's territorial jurisdiction. This is achieved by building, acquiring, managing and maintaining residential rental units and providing financial assistance for rentals or ownership in the private real estate market. City staff provides management assistance to the CHA. The funds of the CHA have been included in the governmental activities in the financial statements.

B. Basis of Accounting/Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's government-wide financial statements include a statement of net assets and a statement of activities and changes in net assets. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

The government-wide financial statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying statement of net assets. The statement of activities and changes in net assets presents changes in net assets. Revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred under the accrual basis of accounting. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the statement of net assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities and changes in net assets,

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the business-type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the committee on Accounting Procedure.

Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net assets presented in the government-wide financial statements.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Development special revenue fund is used to account for park dedication fees, dwelling development fees and other development impact fees received. The money is used to offset the burden resulting from new developments.

The Redevelopment special revenue fund is used to account for the Redevelopment Agency's low-mod housing activities.

The Redevelopment debt service fund accounts for tax increment revenue and other miscellaneous revenue as well as payments of principal and interest on Redevelopment Agency debt.

The Redevelopment capital projects fund accounts for transactions related to proceeds from bonds and other resources and their use to perform redevelopment related activities within specific redevelopment project areas.

The Corona Housing Authority capital projects fund accounts for transactions related to affordable housing activities as prescribed in the Housing Element of the City's General Plan.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due, however; the City has

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

adopted a 12-month recognition period for Sales Tax and Grant revenues. Also, the City accrued highway users tax and AQMD funds received after the 60-day accrual period according to AB 7 and AB5 x8. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a statement of net assets, a statement of revenues, expenses and changes in fund net assets, and a statement of cash flows for each major proprietary fund and non-major funds aggregated. A column representing internal service fund is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

The City reports the following major proprietary funds:

The Authority funds account for the operation of the Water and Water Reclamation utility systems. The two utilities are owned by the Authority, a blended component unit of the City. The City operates both the Water and Water Reclamation systems pursuant to separate management agreements.

The Electric Fund is used to account for the operation of the City's electric utility system, a self supporting activity which renders services on a user charge basis to businesses located in the City.

Proprietary funds are accounted for using the *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a statement of fiduciary net assets and a combining statement of changes in assets and liabilities. The City's fiduciary fund represents agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for on the accrual basis of accounting.

Fiduciary funds account for receipt of special taxes and assessments used to pay principal and interest on related bonds with no direct City liability, as well as receipt and disbursement of capital project bond proceeds related to bonds that the City has no direct liability.

Additionally, the City reports the internal service funds that account for the City's fleet operations, risk management and warehouse services. These funds provide services to other City departments on a cost reimbursement basis.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

Reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

C. Cash, Cash Equivalents and Investments

Cash Management

The City pools cash resources of its various funds to facilitate cash management. Cash in excess of current requirements is invested and reported as investments. It is the City's intent to hold investments until maturity. However, the City may, in response to market conditions, sell investments prior to maturity in order to improve the quality, liquidity or yield of the portfolio. Interest earnings are apportioned among funds based on ending accounting period cash and investment balances.

Investments Valuation

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

State Investment Pool

The City participates in the Local Agency Investment Fund (LAIF), an investment pool managed by the State of California. LAIF has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as a result of changes in interest rates.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments of the proprietary fund types are pooled with the City's pooled cash and investments.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "interfund advances receivable/payable" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds, as reported in the fund financial statements, are presented as nonspendable in fund balances to indicate that they are not in a spendable form.

Proprietary fund receivables are shown net of an allowance for uncollectible accounts. Allowances of uncollectibles were \$367,093 for Water and Water Reclamation utility charges and \$83,027 for Electric utility charges as of June 30, 2011. Utility customers are billed monthly. The estimated value of services provided, but unbilled at year end has been included in the accompanying financial statements.

Property taxes are assessed, collected and allocated by Riverside County throughout the fiscal year according to the following property tax calendar.

Lien Date	January 1
Levy Date	July 1 to June 30
Due Dates	November 1, 1st installment, February 1, 2nd installment
Delinquent Dates	December 11, 1st installment, April 11, 2nd installment

The City accrues as receivable all property taxes received during the first 90 days of the new fiscal year. Taxes are considered past due on the above delinquent dates, at which time the applicable property is subject to lien, and penalties and interest are assessed.

The County of Riverside collects an administration fee from the City and the Redevelopment Agency for its services. The City receives a percentage of the basic 1% ad valorem tax rate allowed on property within the City of Corona. Property tax rates for the City's general obligation debt are set by the City Council based on assessed valuations and debt service requirements. The assessed valuation is at "full cash value".

G. Inventories, Prepaid Items and Land Held for Resale

Inventory is valued at cost using the first in, first out (FIFO) method. Inventory in the proprietary funds consists of expendable supplies held for future consumption or capitalization. The cost is recorded as an expense as inventory items are consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Land held for resale is valued at the lower of cost or estimated net realizable value and is recorded in the capital project fund.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

H. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Services provided are treated as revenues and expenses. Administrative overhead charges included with centralized expenses charged by the General Fund are included in the direct expenses of enterprise activities. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are eliminated as part of the reconciliation to the government-wide financial statements. Refer to Note 3 for additional information.

I. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

J. Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$25,000 for non-infrastructure items and \$100,000 for infrastructure. The City has chosen the "modified approach" for reporting the streets subsystem of infrastructure capital assets. Gifts or contributions of capital assets are recorded at fair market value when received. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings -----	20-50 years
Computer Software-----	5 years
Equipment -----	3-20 years
Improvements-----	20 years
Infrastructure-----	25-65 years

The City implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* as of June 30, 2010. The City has elected not to retroactively report its internally generated intangible assets.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the street system, water purification and distribution system, sewer collection and treatment system; park and recreation lands and improvement system, storm water conveyance system, and buildings combined with the site amenities such as parking and landscaped areas used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. These subsystems were not delineated in the Basic Financial Statements. The appropriate operating department maintains information regarding the subsystems.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

The City elected to use the “modified approach” as defined by GASB Statement No. 34 for infrastructure reporting of its streets, concrete and asphalt pavements. The City commissioned a physical assessment of the streets condition in October 2011. The condition assessments are performed every two years. Each homogeneous segment of City owned street was assigned a physical condition based on 17 potential defects. A Pavement Condition Index (PCI) was assigned to each street segment. The index is expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned to segments of street that have the physical characteristics of a new street. The City's policy relative to maintaining the street assets is to achieve an average rating of 70 for all street segments. This acceptable rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. Please refer to the Required Supplementary Information section of this report for additional information on the modified approach.

For all other infrastructure systems, the City elected to use the “basic approach” as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 1999 and has completed an internal update for June 30, 2011. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: 1) historical records; 2) standard unit costs appropriate for the construction/acquisition date; or 3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

K. Risk Management

The City administers self-insurance programs for workers' compensation and liability losses. These self-funding activities are accounted for in internal service funds. Excess insurance is purchased to protect the City from losses above the self-insured retention. An independent firm performs biannual actuarial valuation study for the Workers' Compensation and the Liability Risk Insurance funds. The latest study was done on July 7, 2010 for periods ending June 30, 2010 and 2011, and updated for Fiscal Year 2011-12 on August 17, 2011. At no time during the past five years have insurance claims exceeded insurance coverage. Refer to Note 17 for additional information.

L. Compensated Absences Payable

Under certain circumstances and according to negotiated labor agreements, employees of the City are allowed to accumulate annual leave. This amount is accrued in the government-wide and proprietary fund statements. Please refer to Note 7 for additional information.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

M. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as costs of issuance, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Fund Equity

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* as of June 30, 2010. Fund balance in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts. The City established an administrative policy on reporting and classifying fund balance in the General Fund in June 2010 that complies with GASB Statement No. 54. Please refer to Note 16 for additional information.

2. Cash and Investments

The City of Corona maintains a cash and investment pool that is available for all funds. Each fund type balance in the pool is reflected on the combined balance sheet as cash and investments. The City apportions interest earnings to all funds based on their monthly cash balances.

A. Cash Deposits

The carrying amounts of the City's cash deposits were \$(449,441) at June 30, 2011. Bank balances before reconciling items were \$4,185,566 at that date. All City's cash and investments as of June 30, 2011 were collateralized or insured with securities held by pledging financial institutions in the City's name. The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

In January 2009, the Federal Deposit Insurance Corporation (FDIC) implemented the Temporary Liquidity Guarantee Program (TLGP) with all applicable financial institutions. This program gave non-interest bearing deposits unlimited insurance protection, temporarily replaced the collateral requirement of the financial institutions, which requires the market value of the pledged securities equal at least 110% of a City's deposits. The TLGP program expired on December 31, 2010. California law also allows financial institutions to secure City deposits by pledging first trust deed

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

mortgage notes having a value of 150% of a City's total deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the FDIC.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related funds.

B. Investments

Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments were authorized:

- Securities issued by the U.S. Treasury
- Notes or discount notes issued by agencies of the federal government, not to exceed 75% of the portfolio
- Banker's acceptances, not to exceed 20% of the portfolio
- Negotiable certificates of deposit issued by institutions insured by the federal government, not to exceed 20% of the portfolio
- Repurchase agreements, not to exceed 10% of the portfolio
- California Local Agency Investment Fund (State Pool)
- Corporate medium-term notes, not to exceed 30% of the portfolio
- Commercial paper, not to exceed 25% of the portfolio, may not represent more than 10% of issuer's outstanding paper
- Diversified management companies, as defined by Section 53601(l) of the Government Code, not to exceed 10% of the portfolio

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value. Accordingly, fund balances reflected the portfolio's change in value, which are unrealized unless sold. The following investment income in all funds and component units are presented using aggregated method under GASB No. 31:

	<u>2011</u>	<u>2010</u>
Realized gain/(loss) on matured investments	\$ 1,988,722	\$ 989,020
Unrealized gain (loss) in changes in fair value of investment:	(3,834,223)	741,582
Interest Income	<u>8,404,185</u>	<u>8,643,699</u>
Total investment income	<u>\$ 6,558,684</u>	<u>\$ 10,374,301</u>

The City portfolio value fluctuates in an inverse relationship to any change in interest rates. Accordingly, if interest rates have risen, the portfolio value would have declined. If interest rates have fallen, the portfolio value would have risen.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

C. Summary of Cash and Investments

The following is a summary of pooled cash and investments at June 30, 2011:

	Government-Wide Statement of Net Assets			Fiduciary Fund	Total
	Governmental Activities	Business-Type Activities	Total	Statement of Net Assets	
Cash and Investments	<u>\$ 158,648,968</u>	<u>\$ 82,379,584</u>	<u>\$ 241,028,552</u>	<u>\$ 1,154,589</u>	<u>\$ 242,183,141</u>
Restricted Cash and Investments	<u>\$ 14,033,717</u>	<u>\$ 18,282,204</u>	<u>\$ 32,315,921</u>	<u>\$ 28,536,034</u>	<u>\$ 60,851,955</u>
Total Cash and Investments					<u><u>\$ 303,035,096</u></u>

As of June 30, 2011, the City had the following deposits and investments:

	Credit Rating	Fair Value	Total
<u>City Treasury:</u>			
Deposits	Not Rated	\$ (449,441)	\$ (449,441)
<u>Investments:</u>			
Medium Term Notes	AAA	34,570,228	
Medium Term Notes	AA+	6,800,592	
Medium Term Notes	AA	8,581,466	
Medium Term Notes	AA-	5,131,499	
Medium Term Notes	A+	12,485,387	
Medium Term Notes	A	12,097,386	
Medium Term Notes	A-	<u>2,897,122</u>	82,563,680
U.S. Government Agency Securities			
FFCB	AAA	24,009,015	
FHLB	AAA	13,470,962	
FHLMC	AAA	18,372,841	
FNMA	AAA	20,521,576	
U.S. Treasury	Not Rated	<u>34,861,998</u>	111,236,392
Union Bank Money Market Funds	Not Rated		290,752
Local Agency Investment Funds	Not Rated		48,541,758
<u>Restricted Cash and Investments:</u>			
Cash & Investments with Fiscal Agents	Not Rated	57,446,330	
Electric Restricted Cash	Not Rated	1,879,117	
Transit Restricted Cash	Not Rated	378,216	
Retention & Escrow Accounts	Not Rated	<u>1,148,292</u>	60,851,955
Total cash and investments			<u><u>\$ 303,035,096</u></u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

D. Risk Disclosures

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities not to exceed five years at time of purchase. The investment maturities of the City's portfolio as of June 30, 2011 are presented on the next page.

Credit Risk. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to limit its investments in these investment types to the top rating issued by NRSROs, including raters Standard & Poor's, Fitch Ratings, and Moody's Investors Service. The City's credit risk, expressed on a percentage basis as of June 30, 2011 is presented below:

<u>Investment</u>	<u>Moody's Rating</u>	<u>S & P Rating</u>	<u>% of Investment</u>
US T-Notes	Not Rated	Not Rated	14.37%
LAIF	Not Rated	Not Rated	19.98%
Diversified Investment	Aaa	AAA	0.12%
FFCB	Aaa	AAA	9.90%
FHLB	Aaa	AAA	5.55%
FHLMC	Aaa	AAA	7.57%
FNMA	Aaa	AAA	8.46%
JP Morgan Chase & Co	Aa3	A+	1.20%
General Electric Co FDIC Insured	Aaa	AAA	2.16%
US Bank Corp	Aa3	A+	1.19%
Bank of America Corp FDIC Insured	Aaa	AAA	1.22%
Goldman Sachs FDIC Insured	Aaa	AAA	2.05%
Tennessee Valley Authority	Aaa	AAA	3.45%
PNC Funding FDIC Insured	Aaa	AAA	2.16%
General Electric Co	Aa2	AA+	1.60%
Berkshire Hathaway	Aa2	AA+	1.21%
Chevron Texaco Corp	Aa1	AA	1.18%
Pfizer Inc	A1	AA	0.79%
Wal-Mart Stores	Aa2	AA	1.56%
Wells Fargo Corp FDIC Insured	Aaa	AAA	1.62%
Wells Fargo Corp	Aa3	AA-	1.20%
Northern Trust Company	A1	AA-	0.91%
Bank of New York	Aa3	A+	1.17%
JP Morgan FDIC Insured	Aaa	AAA	1.60%
IBM Corp	Aa3	A+	0.79%
Blackrock Inc/ New York	A1	A+	0.80%
Morgan Stanley	A2	A	1.16%
Hewlett-Packard Corp	A2	A	0.81%
Praxair	A2	A	0.81%
Pepsico Inc	Aa3	A-	1.19%
Ebay	A2	A	1.18%
Walt Disney Company	A2	A	0.84%
Deere & Company	A2	A	0.20%
Total			<u>100.00%</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

As of June 30, 2011, the City's portfolio had the following investment maturities:

Investment	Fair Value	Investment Maturities (In Years)		
		Less than 1	1 to 3	3 to 5
Cash and Investments:				
FFCB	\$ 24,009,015	\$ -	\$ 17,185,935	\$ 6,823,080
FHLB	13,470,962		13,470,962	
FHLMC	18,372,841	5,459,463	6,746,803	6,166,575
FNMA	20,521,576	2,827,692	10,158,422	7,535,462
US T-Notes	34,861,998	8,956,437	6,205,752	19,699,809
LAIF	48,541,758	48,541,758		
Diversified Investment	290,752	290,752		
Wells Fargo Corp	2,914,619			2,914,619
Wells Fargo Corp FDIC Insured	3,925,354	3,925,354		
JP Morgan FDIC Insured	3,891,314		3,891,314	
JP Morgan Chase & Co	2,916,659			2,916,659
General Electric Co FDIC Insured	5,231,797		5,231,797	
General Electric Co	3,877,072		3,877,072	
US Bancorp	2,898,060		2,898,060	
Wal- Mart Stores	3,786,700		3,786,700	
Bank of America Corp FDIC Insured	2,953,608	2,953,608		
Goldman Sachs FDIC Insured	4,960,404	4,960,404		
Pfizer Inc	1,922,863		1,922,863	
Tennessee Valley Authority	8,379,513	845,951	7,533,562	
PNC Funding FDIC Insured	5,228,238	5,228,238		
IBM Corp	1,912,535		1,912,535	
Chevron Texaco Corp	2,871,903		2,871,903	
Northern Trust Company	2,216,880		2,216,880	
Morgan Stanley	2,820,821		2,820,821	
Bank of New York	2,829,558			2,829,558
Hewlett Packard Company	1,953,357		1,953,357	
Blackrock Inc	1,928,575			1,928,575
Pepsico Inc	2,897,122			2,897,122
Berkshire Hathaway	2,923,520			2,923,520
Praxair	1,959,684			1,959,684
Ebay	2,853,223			2,853,223
Walt Disney Company	2,035,029		2,035,029	
Deere & Company	475,272		475,272	
Deposits	(449,441)	(449,441)		
Total	\$ 242,183,141	\$ 83,540,216	\$ 97,195,039	\$ 61,447,886
Restricted Cash and Investments:				
Cash and Cash in Escrow	\$ 3,405,625	\$ 3,405,625	\$ -	\$ -
Local Agency Investment Funds	14,540,752	14,540,752		
Aim Government & Agency	4,096,068	4,096,068		
Aim S-T Investement Treasury	10,189,838	10,189,838		
Blackrock Treasury Fund	1,167,918	1,167,918		
Dreyfus Treasury Cash Mgmt	3,076,482	3,076,482		
Federated Treasury Obligation	9,751,121	9,751,121		
Treasury Money Market Fund	1,520,819	1,520,819		
US Bank Money Market Fund	4,017,711	4,017,711		
Natixis Funding Corp	4,300,695			4,300,695
Bayerische Landesbank	2,349,390			2,349,390
FSA Capital Mgmt Svc LLC	2,435,536			2,435,536
Total	\$ 60,851,955	\$ 51,766,334	\$ -	\$ 9,085,621

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

On August 5, 2011, Standard & Poor's Rating Services (S & P) lowered its long-term sovereign credit rating on the United States of America from AAA to AA+. As a result, S & P lowered its issuer credit ratings and related issue rating on various federal agencies including Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Fannie Mae (FNMA) and Freddie Mac (FHLMC) subsequently. In addition, the ratings on 126 FDIC insured debt issues from 30 financial institutions have also been downgraded from AAA to AA+. The City's investment in LAIF has also been impacted by this rating change since LAIF invests in various aforementioned federal agency securities.

E. Investments in Local Agency Investment Funds

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight to the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The City's investments with LAIF at June 30, 2011 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgaged-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2011, the City had \$48,465,354 invested in LAIF. Fair value of the City's LAIF investments was \$48,541,758 as of June 30, 2010. This is arrived at by multiplying the City's LAIF account balance by a fair value factor determined by LAIF. The fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost, resulting in a factor of 1.001576470.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

3. Interfund Transactions**A. Current Interfund Balances**

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. The following is a summary of current interfund balances as of June 30, 2011:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Funds:		Non-Major Funds:	
General Fund	\$ 4,537,721	<u>Special Revenue Fund:</u>	
		Other Grants & Endowments	\$ 39,126
		<u>Capital Projects Funds:</u>	
		Public Facility Project	2,416,413
		HUD Grants	120,601
		Planned Local Drainage	65,647
		Other Grants	1,895,934
Total	<u>\$ 4,537,721</u>	Total	<u>\$ 4,537,721</u>

B. Long-Term Interfund Advances

At June 30, 2011, the funds below have made advances that were not expected to be repaid in one year or less.

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Funds:		Major Funds:	
General Fund	\$ 13,700,483	<u>Special Revenue Fund:</u>	
<u>Special Revenue Funds:</u>		Development	\$ 11,164,760
Development	374,171	<u>Debt Service Fund:</u>	
Redevelopment	5,308,281	Redevelopment	5,714,038
<u>Enterprise Funds:</u>		<u>Enterprise Funds:</u>	
Water	473,875	Water	750,000
Electric	19,371,631	Water Reclamation	13,257,681
		Electric	1,174,966
		Non-Major Funds:	
		<u>Special Revenue Fund:</u>	
		Special Tax Districts	374,171
		<u>Enterprise Funds:</u>	
		Public Financing Authority	6,587,825
		Airport	205,000
Total	<u>\$ 39,228,441</u>	Total	<u>\$ 39,228,441</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

The Development special revenue fund advance of \$374,171 is being repaid by special assessments collected in a landscape maintenance district over a 10-year period with annual payments of \$56,035.

The Redevelopment special revenue fund advanced the Redevelopment debt service fund \$5,308,281 towards the Redevelopment Agency's Supplemental Educational Revenue Augmentation Fund (SERAF).

The Development special revenue fund is repaying the General Fund with the developer impact fees.

The Redevelopment debt service fund advances are from the General Fund and are composed of various operating advances for the Redevelopment Agency's different project areas. The advances have different terms and interest rates and are expected to be repaid with tax increment revenue.

The Water enterprise fund payable of \$750,000 represents amount due to the General Fund in relation to a funding agreement on El Cerritos Park reclaimed water line construction project.

The Water Reclamation enterprise fund payable of \$13,257,681 represents the amount due to the Electric Fund in relation to the transfer of certain bio-solids drying facility.

The Electric enterprise fund payable of \$1,174,966 represents a reimbursement to the General Fund for certain Corporation Yard Expansion project costs.

The Public Financing Authority Payable represents the reserves from the Electric Fund and Water Fund related to the 2003 and 2005 Certificates of Participation. These reserves will be paid during the final years of the bonds term.

The Airport enterprise fund advance is being repaid to the General Fund over a 27-year period with annual payments of \$15,000, expected to be repaid by 2025.

C. Internal Balances – Capital Lease Receivable

Related Parties

In 2002, the City established the Corona Utility Authority (Authority) as a joint powers authority pursuant to a Joint Exercise of Powers Agreement between the City and the Redevelopment Agency of the City of Corona in accordance with the Joint Powers Law (Articles 1 through 4 of Chapter 5, Division 7, title 1 of the California Government Code) for the purpose of assisting the City in the leasing of the water and water reclamation utility systems. The Authority's Officers are the Corona City Council.

Capital Lease Obligations

In February 2002, the Authority entered into capital leases with the City to lease the City's Water and Water Reclamation facilities. The terms of the leases are 55 years. The leases will terminate on February 6, 2056, at which time the Authority could renew the capital leases of the Water and Water Reclamation facilities. The capital assets of the Water and Water Reclamation facilities

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

were recorded at the City's historical cost, net of accumulated depreciation. The related debt has been recorded accordingly resulting in a lease payable for an amount equal to the net assets recorded on the City's financial statements. Per the Lease Agreements, maximum lease payments are calculated with a discount rate of 6.0%. The original lease payments since Fiscal Year 2001-02 through Fiscal Year 2007-08 were established as 5.0% to 8.0% of the corresponding utility sales revenues of that year, equivalent to discounting the lease principal amounts by a range from 1.2% to 3.0%. Starting Fiscal Year 2008-09 and continued to the next fiscal year, the lease payment is calculated with a 3.5% to 4.0% growth factor over the previous fiscal year, equivalent to discounting the lease principal amounts by 3.2% for Water Utilities and 2.8% for Water Reclamation Utilities. For the fiscal year ended June 30, 2011, the annual lease payments were calculated with a discount rate at 5.8% and 5.1% of the lease principal amounts for the Water and Water Reclamation utilities respectively.

The following Internal Balances – Capital Leases were outstanding at June 30, 2011:

<u>Leasee</u>	<u>Balance</u>
Capital Lease - Water Utility	\$ 106,819,662
Capital Lease - Water Reclamation Utility	65,808,682
Total Internal Balances - Capital Leases	<u><u>\$ 172,628,344</u></u>

Capital Lease Payments

At June 30, 2011, the future minimum lease payments required under the capital leases and the net present value of the future lease payments for the Water utilities are presented below:

Water Utility Future Lease Payments

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ -	\$ 6,991,192
2013		5,840,840
2014		5,996,473
2015		4,696,473
2016		3,590,150
2017-2021		15,252,778
2022-2026		11,515,011
2027-2031		8,622,798
2032-2036		6,384,858
2037-2041		4,653,183
2042-2046		3,313,246
2047-2051		2,074,720
2052-2056		699,106
Total Future Lease Payments	-	<u><u>\$ 79,630,828</u></u>
Discharge of Obligations	<u>106,819,662</u>	
Present Value of Total Lease Payment	<u><u>\$ 106,819,662</u></u>	

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

At June 30, 2011, the future minimum lease payments required under the capital leases and the net present value of the future lease payments for the Water Reclamation utilities are presented below:

Water Reclamation Utility Future Lease Payments

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ -	\$ 3,761,879
2013		3,142,354
2014		3,226,048
2015		2,526,048
2016		2,041,048
2017-2021		9,884,274
2022-2026		7,766,090
2027-2031		5,856,554
2032-2036		4,378,992
2037-2041		3,235,683
2042-2046		2,351,012
2047-2051		1,688,656
2052-2056		1,468,098
Total Future Lease Payments	<u>-</u>	<u>\$ 51,326,736</u>
Discharge of Obligations	<u>65,808,682</u>	
Present Value of Total Lease Payment	<u>\$ 65,808,682</u>	

All lease payments are considered as interest payments toward the lease obligation. The Authority's obligations under the Lease Agreements shall be forgiven, discharged and excused upon the date the aggregate amount of payments made by the Authority to the City equals the amount of the principal amount of the lease obligation.

Current Year Transactions

During Fiscal Year 2010-11, the following related party transactions were recorded by the City and the Authority:

<u>Payee</u>	<u>Amount</u>
Water Utility	\$ 6,197,300
Water Reclamation Utility	3,334,499
Total Payment from the Authority to the City	<u><u>\$ 9,531,799</u></u>

CITY OF CORONA

Notes to the Basic Financial Statements
 Year Ended June 30, 2011

D. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has incurred expenditures on behalf of another fund. Significant one-time transfers were:

- \$1,045,704 from the Gas Tax special revenue funds for reimbursement of street maintenance costs to the General Fund.
- \$3,800,000 from the Public Facility capital project to the General Fund to reimburse project savings on the Corporate Yard Expansion project.
- \$630,484 residual equity transferred from the General Obligation debt service fund to the General Fund to close out the fund.
- \$2,284,144 from the Fleet Operations internal service fund to the General Fund to reimburse vehicle replacements.
- \$531,176 cost savings from the Warehouse internal service fund to the General Fund.
- \$1,369,356 and \$295,988 from the General Fund to the Redevelopment capital projects and debt service funds respectively regarding various developer agreements funding.
- \$12,400,326 and \$56,854,230 from the Redevelopment special revenue fund and the Redevelopment capital projects fund respectively to the Corona Housing Authority capital projects fund according to the Financial Assistance and Cooperation agreement among the City, the Redevelopment Agency and the CHA. Please refer to Note 18 for additional information.

Total transfers of \$79,990,237 are presented below:

Transfer Out	Transfer In							Total Transfers Out
	General Fund	Development Special Revenue	Redevelopment Debt Service	Redevelopment Capital Projects	Corona Housing Authority	Non-Major Governmental	Other Proprietary	
General Fund	\$ -	\$ 14	\$ 295,988	\$ 1,369,357	\$ -	\$ 59,874	\$ -	\$ 1,725,233
Redevelopment Special Revenue Capital Projects					12,400,327 56,854,230			12,400,327 56,854,230
Non-major Governmental	5,476,188					218,159		5,694,347
Water							460,780	460,780
Electric				40,000				40,000
Internal Service	2,815,320							2,815,320
Total Transfers In	\$ 8,291,508	\$ 14	\$ 295,988	\$ 1,409,357	\$ 69,254,557	\$ 278,033	\$ 460,780	\$ 79,990,237

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

4. Long-Term Receivables

Long-term receivables on the governmental fund financial statement as of June 30, 2011 are presented by specific description so as not to be aggregated. The major receivable balances in the governmental funds which are not expected to be collected within one year are:

	Loans Receivable	Long-Term Receivable
Major Funds		
General Fund	\$ -	\$ 481,553
Development Special Revenue	41,280	1,583,380
Redevelopment Special Revenue	15,824,362	
Redevelopment Capital Project	500,000	
Non-Major Funds		
Assessment Districts		1,025,000
HUD Grants	1,630,019	
Total	\$ 17,995,661	\$ 3,089,933

The General Fund long-term receivable represents reimbursement fees to be paid by developers for the Temescal Canyon Communications Tower in the amount of \$287,932 and reimbursement fees to be paid by developers for Community Facilities Plan Reimbursement for the South Corona area in the amount of \$193,621.

The Development special revenue fund reports a loans receivable of \$41,280 for the sale of real property to a developer; the fund also reports a long-term receivable for future developer impact fees for the Temescal Canyon Public Safety Facility.

The Redevelopment special revenue fund reports loans receivable for low-mod housing programs that have varying terms and re-payment provisions.

The Redevelopment capital projects fund reports loan receivable for various agreements with developers with long-term repayment provisions.

The Assessments Districts fund's long-term receivable represents future assessments to be received for the payment of Assessment District debt which is considered to be a possible liability of the City in the case of default. This is not reported in the government-wide statements.

The HUD Grants fund reports loans receivable for home improvement programs that have varying terms and repayment provisions.

5. Land Held For Resale

Land held for resale consists of real property acquired by the City and held for resale to private developers. The amount recorded as land held for resale and the corresponding fund balance classified as nonspendable as of June 30, 2011 was \$61,220,936.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

6. Capital Assets

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the government-wide Statement of Net Assets.

The City elected to use the “modified approach” as defined by GASB Statement No. 34 for infrastructure reporting for its pavement system. As a result, no accumulated depreciation or depreciation expense has been recorded for this system. A more detailed discussion of the “modified approach” is presented in the Required Supplementary Information section of this report.

All other capital assets including other infrastructure systems were reported using the basic approach whereby accumulated depreciation and depreciation expense have been recorded.

The following table presents summary information on the City’s infrastructure assets as of June 30, 2011.

<u>Description</u>	<u>Historical Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Cost</u>
Governmental Activities:			
Modified Approach			
Street Pavement System	\$ 172,192,309	\$ -	\$ 172,192,309
Basic Approach			
Curbing	76,308,283	(29,105,788)	47,202,495
Sidewalks	82,931,851	(31,311,923)	51,619,928
Signs and Lights	38,154,670	(10,073,747)	28,080,923
Storm Drains	90,878,929	(23,024,495)	67,854,434
Fiberoptics	1,187,096	(458,407)	728,689
Subtotal Basic Approach	<u>289,460,829</u>	<u>(93,974,360)</u>	<u>195,486,469</u>
Total Governmental Activities	<u>\$ 461,653,138</u>	<u>\$ (93,974,360)</u>	<u>\$ 367,678,778</u>
Business-Type Activities:			
Basic Approach			
Fiberoptics	\$ 235,951	\$ (93,251)	\$ 142,700
Electric	4,444,941	(398,776)	4,046,165
Signs and Lights	249,370	(4,987)	244,383
Water	192,398,073	(43,299,949)	149,098,124
Water Reclamation	79,356,653	(16,279,109)	63,077,544
Total Business-Type Activities	<u>\$ 276,684,988</u>	<u>\$ (60,076,072)</u>	<u>\$ 216,608,916</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

Capital Assets of the City for the year ended June 30, 2011 consisted of the following:

	Restated Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 60,608,449	\$ 3,096,360	\$ -	\$ 63,704,809
Streets	172,031,174	161,135	-	172,192,309
Construction in Progress	38,790,876	8,297,895	(7,707,576)	39,381,195
Total capital assets not being depreciated	<u>271,430,499</u>	<u>11,555,390</u>	<u>(7,707,576)</u>	<u>275,278,313</u>
Capital assets being depreciated:				
Buildings and Improvements	204,109,964	2,554,362		206,664,326
Machinery and Equipment	26,526,117	3,111,626	(1,861,256)	27,776,487
Computer Software	150,435	115,677	(115,677)	150,435
Infrastructure	288,826,332	634,497		289,460,829
Total capital assets being depreciated	<u>519,612,848</u>	<u>6,416,162</u>	<u>(1,976,933)</u>	<u>524,052,077</u>
Less accumulated depreciation for:				
Buildings and Improvements	(76,342,339)	(4,901,656)		(81,243,995)
Machinery and Equipment	(16,378,374)	(1,913,573)	1,065,942	(17,226,005)
Computer Software	(2,507)	(30,087)		(32,594)
Infrastructure	(89,298,202)	(4,676,158)		(93,974,360)
Total accumulated depreciation	<u>(182,021,422)</u>	<u>(11,521,474)</u>	<u>1,065,942</u>	<u>(192,476,954)</u>
Total capital assets being depreciated, net	<u>337,591,426</u>	<u>(5,105,312)</u>	<u>(910,991)</u>	<u>331,575,123</u>
Governmental activity capital assets, net	<u>\$ 609,021,925</u>	<u>\$ 6,450,078</u>	<u>\$ (8,618,567)</u>	<u>\$ 606,853,436</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 2,947,059	\$ 37,937	\$ -	\$ 2,984,996
Water Reclamation Rights	9,180,000			9,180,000
Construction in Progress	24,835,796	5,078,953	(22,515,372)	7,399,377
Total capital assets not being depreciated	<u>36,962,855</u>	<u>5,116,890</u>	<u>(22,515,372)</u>	<u>19,564,373</u>
Capital assets being depreciated:				
Buildings and Improvements	118,707,424	1,315,637	(27,616,784)	92,406,277
Machinery and Equipment	88,106,788	7,651,647	(20,646,192)	75,112,243
Computer Software		38,204		38,204
Infrastructure	262,422,076	14,262,912		276,684,988
Emission Reduction Credits	546,917		(546,917)	-
Total capital assets being depreciated	<u>469,783,205</u>	<u>23,268,400</u>	<u>(48,809,893)</u>	<u>444,241,712</u>
Less accumulated depreciation for:				
Buildings and Improvements	(32,151,847)	(2,083,020)	2,811,565	(31,423,302)
Machinery and Equipment	(32,564,628)	(4,579,630)	2,327,826	(34,816,432)
Infrastructure	(55,285,330)	(4,790,742)		(60,076,072)
Emission Reduction Credits	(402,264)		402,264	-
Total accumulated depreciation	<u>(120,404,069)</u>	<u>(11,453,392)</u>	<u>5,541,655</u>	<u>(126,315,806)</u>
Total capital assets being depreciated, net	<u>349,379,136</u>	<u>11,815,008</u>	<u>(43,268,238)</u>	<u>317,925,906</u>
Business-type activity capital assets, net	<u>\$ 386,341,991</u>	<u>\$ 16,931,898</u>	<u>\$ (65,783,610)</u>	<u>\$ 337,490,279</u>
Total Capital Assets	<u>\$ 995,363,916</u>	<u>\$ 23,381,976</u>	<u>\$ (74,402,177)</u>	<u>\$ 944,343,715</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

The City has active construction projects as of June 30, 2011. These projects include street construction in areas of newly developed housing, pavement rehabilitation, and various water and water reclamation upgrades and replacements. At year end, the City's commitments for construction totaled \$46,780,572.

Beginning balances of construction in progress have been restated by \$6,919,342 and \$1,391,247 for governmental and business-type activities respectively as the result of reclassifying prior years' capital expenses to operating expenses. Depreciable capital asset and its respective accumulated depreciation have been restated by \$1,002,845 and \$373,986 respectively due to the disposal of those assets in the previous fiscal year. Refer to Note 19 for additional information on the restatement of beginning balances.

For the year ended June 30, 2011, accumulated depreciation on governmental activity capital assets and depreciation expense charged to each governmental function are presented as follows:

	Restated Balance June 30, 2010	Current Year Depreciation	Accumulated Depreciation	Adjustments to Depreciation	Accumulated Depreciation June 30, 2011
General Government	\$ 19,294,545	\$ 2,748,802	\$ 22,043,347	\$ (135,259)	\$ 21,908,088
Public Safety - Fire	6,003,447	639,808	6,643,255	(242,206)	6,401,049
Public Safety - Police	5,882,200	698,727	6,580,927	(927,738)	5,653,189
Public Works	92,106,295	5,065,609	97,171,904	278,592	97,450,496
Redevelopment	1,567,265	261,366	1,828,631	(5,922)	1,822,709
Parks and Recreation	56,773,477	2,094,091	58,867,568	(24,554)	58,843,014
Library	394,193	13,071	407,264	(8,855)	398,409
Total Depreciation Expense	<u>\$ 182,021,422</u>	<u>\$ 11,521,474</u>	<u>\$ 193,542,896</u>	<u>\$ (1,065,942)</u>	<u>\$ 192,476,954</u>

7. Compensated Absences

The City's policy relating to compensated absences is described in Note 1. As shown in the table below, the long-term portion of this debt, amounting to \$2,790,416 for governmental activities and \$49,024 for business-type activities at June 30, 2011, is expected to be paid in future years from future resources. In prior years, compensated absences have been liquidated primarily by the General Fund and the proprietary funds. The total amount outstanding at June 30, 2011 was \$8,930,425 for governmental activities and \$819,586 for business-type activities.

	Balance July 1, 2010	Incurred	Satisfied	Balance June 30, 2011	Amounts Due Within One Year	Amounts Due in More than One Year
Governmental Activities	<u>\$ 8,783,240</u>	<u>\$ 6,301,524</u>	<u>\$ 6,154,339</u>	<u>\$ 8,930,425</u>	<u>\$ 6,140,009</u>	<u>\$ 2,790,416</u>
Business-Type Activities	<u>\$ 905,217</u>	<u>\$ 744,011</u>	<u>\$ 829,642</u>	<u>\$ 819,586</u>	<u>\$ 770,562</u>	<u>\$ 49,024</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

8. Long-Term Obligations

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2011:

	<u>Balance June 30, 2010</u>	<u>Incurred or Issued</u>	<u>Satisfied or Matured</u>	<u>Balance June 30, 2011</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More than One Year</u>
Governmental Activities:						
Long-Term Agreements Payable	\$ 4,529,713	\$ -	\$ 1,228,502	\$ 3,301,211	\$ 1,271,972	\$ 2,029,239
Lease Payable		23,518	1,050	22,468	5,051	21,068
Redevelopment Bonds Payable	85,075,000		3,050,000	82,025,000	3,180,000	78,845,000
Lease Revenue Bonds Payable	67,905,000		2,890,000	65,015,000	2,995,000	62,020,000
Special Assessment District Bonds	1,435,000		410,000	1,025,000	365,000	660,000
Total Governmental Activities	<u>\$ 158,944,713</u>	<u>\$ 23,518</u>	<u>\$ 7,579,552</u>	<u>\$ 151,388,679</u>	<u>\$ 7,817,023</u>	<u>\$ 143,575,307</u>
Business-Type Activities:						
Installment Agreement Payable	\$ 2,035,550	\$ -	\$ 271,484	\$ 1,764,066	\$ 278,820	\$ 1,485,246
Contracts Payable	690,390			690,390		690,390
Term Loan Payable	37,206,652		2,482,678	34,723,974	2,548,262	32,175,712
Water Revenue Bonds	28,400,000		965,000	27,435,000	1,005,000	26,430,000
Certificates of Participation	93,035,000		2,715,000	90,320,000	2,825,000	87,495,000
Total Business-Type Activities	<u>\$ 161,367,592</u>	<u>\$ -</u>	<u>\$ 6,434,162</u>	<u>\$ 154,933,430</u>	<u>\$ 6,657,082</u>	<u>\$ 148,276,348</u>

A. Long-Term Agreements Payable

The following Long-Term Agreements Payable was outstanding at June 30, 2011:

<u>Agreements</u>	<u>Balance</u>
Riverside County Flood Control Agreement	\$ 185,833
Developer Agreement - Sherborn LLC	3,115,378
Total Long-Term Agreements	<u>\$ 3,301,211</u>

Pursuant to the Cooperation Agreement dated February 13, 1985 between the Riverside County Flood Control and Water Conservation District (District) and the Corona Redevelopment Agency (Agency), the Agency recorded an obligation in the amount of \$1,244,689 in Fiscal Years 2000-01 through 2003-04. During Fiscal Year 2004-05, the Agency and the District executed a Settlement and Release Agreement. The Agency's unpaid obligation, coupled with accrued interest, was determined to be \$1,300,835. The Settlement and Release Agreement allows the Agency to pay the principal balance of the obligation in equal annual payments of \$185,834 over a seven year period, plus accrued interest. The District will calculate the interest due on the principal balance at an adjustable rate in accordance with the average Riverside County Treasurer Pooled Investment Interest Rate. The balance of the agreement as of June 30, 2011 was \$185,833.

Pursuant to the Promissory Note set forth in the Purchase and Sale Agreement dated June 17, 2009 between the Agency and Sherborn, LLC, the Agency recorded an obligation in the amount of \$5,167,326. The Agency acquired land from Sherborn, LLC for potential redevelopment activities in the Merged Project Areas. Per the terms of the agreement, the Agency shall make semi-annual payments of \$600,000, including 4.0% accrued interest. On or before the maturity date of July 15, 2020, the Agency shall pay the balance of the obligation and any unpaid and accrued interest. The balance of the agreement as of June 30, 2011 was \$3,115,378.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

B. Lease Payable

The City entered into an agreement with Pitney Bowes Global Financial Services, LLC to lease purchase a mailing system in the amount of \$27,335 with a deferred interest in the amount of \$3,817. The mailing system has been recorded in the machinery and equipment category of the City's capital assets at its purchase price. The lease purchase is payable over a five-year period. As of June 30, 2011, the future minimum lease payments required under the capital lease and the net present value of the future lease payments are as follows:

<u>Fiscal Year</u>	<u>Lease Payment</u>
2012	\$ 5,750
2013	6,318
2014	6,318
2015	6,318
2016	5,034
Total Minimum Lease Payments	29,738
Less: Amount Representing Interest	(3,619)
Present Value of Minimum Lease Payments	\$ 26,119

C. Redevelopment Tax Allocation Bonds

These bonds are special obligations of the Agency and are payable from specific pledged revenues. The following Tax Allocation Bonds were outstanding at June 30, 2011:

<u>Issuance</u>	<u>Balance</u>
\$ 9,355,000 Redevelopment Agency, 1996 Project Area "A" Set-Aside Tax Allocation Bonds	\$ 5,605,000
\$36,910,000 Redevelopment Agency, 2004 Project Area "A" Tax Allocation and Refunding Bonds	27,920,000
\$22,155,000 Redevelopment Agency, 2007 Temescal Canyon Project Area Tax Allocation Bonds	20,520,000
\$29,550,000 Redevelopment Agency, 2007 Project Area "A" Taxable Tax Allocation Bonds	27,980,000
Total Redevelopment Tax Allocation Bonds	\$ 82,025,000

1996 Project Area "A" Set-Aside Tax Allocation Bonds

On October 15, 1996, the Agency issued \$9,355,000 of Redevelopment Project Area "A" Housing Set-Aside Tax Allocation Bonds to provide funds for a portion of the costs of reconstruction and rehabilitation of an apartment complex of approximately 160 units by the Southern California Housing Development Corporation and certain other activities for the provision of low and moderate income housing within the Project Area. The bonds were issued for sale to the Corona Public Financing Authority (CPFA) pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 2 of Title 1 (commencing with Section 6584) of the California Government Code (the "JPA Law"). The bonds purchased by the CPFA were resold

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

concurrently to the underwriter. The outstanding bonds bear interest from 5.40% to 5.63% and are due in annual installments ranging from \$365,000 to \$385,000 through September 1, 2011, with term bonds of \$2,255,000 due September 1, 2016 and \$2,965,000 due September 1, 2021. The bonds are payable from pledged revenues of the Housing Set-Aside funds of the Agency. The annual debt service requirements for the 1996 Redevelopment Tax Allocation Bonds are presented below:

Fiscal Year	1996 Set-Aside Tax Allocation Bonds		
	Principal	Interest	Total
2012	\$ 385,000	\$ 301,201	\$ 686,201
2013	405,000	279,669	684,669
2014	425,000	256,844	681,844
2015	450,000	232,781	682,781
2016	475,000	207,344	682,344
2017-2021	2,805,000	597,203	3,402,203
2022	660,000	18,563	678,563
Totals	\$ 5,605,000	\$ 1,893,605	\$ 7,498,605

2004 Project Area "A" Tax Allocation and Refunding Bonds

The \$36,910,000 of Redevelopment Project Area "A" 2004 Tax Allocation and Refunding Bonds were issued to refund the Agency's 1994 Tax Allocation Refunding Bonds, which were issued to refinance the cost of public capital improvements benefitting the Agency's Merged Project Area "A". The bond issue will reduce debt service payments for the Agency by \$7,015,420 with an economic gain of \$3,226,023 or 8.233% as a percent of refunded bonds. The bonds bear interest from 4.50% to 5.35% and are due in annual installments ranging from \$1,610,000 to \$2,795,000. The bonds are payable from tax increment revenues of the Agency received from the project area and other funds and accounts pledged under the indenture. The annual debt service requirements for the 2004 Redevelopment Tax Allocation Bonds are presented below:

Fiscal Year	2004 Tax Allocation Bonds		
	Principal	Interest	Total
2012	\$ 1,660,000	\$ 1,244,838	\$ 2,904,838
2013	1,715,000	1,183,631	2,898,631
2014	1,785,000	1,118,006	2,903,006
2015	1,850,000	1,047,537	2,897,537
2016	1,925,000	972,038	2,897,038
2017-2021	10,995,000	3,400,056	14,395,056
2022-2024	7,990,000	612,250	8,602,250
Totals	\$ 27,920,000	\$ 9,578,356	\$ 37,498,356

2007 Temescal Canyon Project Area Tax Allocation Bonds

The \$22,155,000 of Temescal Canyon Project Area 2007 Tax Allocation Bonds were issued to facilitate the transformation of a former mining facility and blighted area into developed backbone infrastructure improvements within the project area. The bonds bear interest from 4.00% to 4.50% and are due in annual installments ranging from \$535,000 to \$735,000, with term bonds of

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

\$1,475,000 due November 1, 2022, \$1,515,000 due November 1, 2024, \$1,650,000 due November 1, 2026, \$2,760,000 due November 1, 2029 and \$3,155,000 due November 1, 2032. The escrow term bonds in the amount of \$3,465,000 bear interest at 4.50% and are due November 1, 2032. The bonds are payable from tax increment revenues of the Agency received from the project area. The annual debt service requirements for the 2007 Redevelopment Tax Allocation Bonds are presented below:

<u>Fiscal Year</u>	<u>2007 Temescal Canyon Tax Allocation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 650,000	\$ 877,784	\$ 1,527,784
2013	680,000	850,696	1,530,696
2014	700,000	822,596	1,522,596
2015	730,000	793,484	1,523,484
2016	760,000	763,146	1,523,146
2017-2021	4,210,000	3,307,007	7,517,007
2022-2026	4,585,000	2,355,378	6,940,378
2027-2031	5,595,000	1,238,209	6,833,209
2032-2033	2,610,000	118,800	2,728,800
Totals	<u>\$ 20,520,000</u>	<u>\$ 11,127,100</u>	<u>\$ 31,647,100</u>

2007 Project Area "A" Taxable Tax Allocation Bonds

The \$29,550,000 of Project Area "A" 2007 Taxable Tax Allocation Bonds were issued on a parity basis with the 2004 Tax Allocation Bonds to further facilitate the rehabilitation of a retail center and the development of mixed used commercial, hotel, office and light industrial projects within the Merged Downtown project area. The bonds bear interest from 4.84% to 6.25% and are due in annual installments ranging from \$450,000 to \$1,140,000, with term bonds of \$23,850,000 due September 1, 2027. The bonds are payable from tax increment revenues of the Agency received from the project area. The annual debt service requirements for the 2007 Project Area "A" Tax Allocation Bonds are as follows:

<u>Fiscal Year</u>	<u>2007 Project Area "A" Tax Allocation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 485,000	\$ 1,697,609	\$ 2,182,609
2013	500,000	1,673,018	2,173,018
2014	1,140,000	1,630,702	2,770,702
2015	460,000	1,588,944	2,048,944
2016	485,000	1,563,629	2,048,629
2017-2021	2,885,000	7,350,993	10,235,993
2022-2026	10,105,000	5,929,574	16,034,574
2027-2028	11,920,000	777,372	12,697,372
Totals	<u>\$ 27,980,000</u>	<u>\$ 22,211,841</u>	<u>\$ 50,191,841</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

D. Lease Revenue Bonds

These bonds are special obligations of the CPFA secured by revenues primarily consisting of lease payments to be made by the City pursuant to various lease agreements. These bonds are reported as a liability of the City. The following lease revenue bonds were outstanding at June 30, 2011:

<u>Issuance</u>	<u>Balance</u>
\$ 9,810,000 Corona Public Financing Authority 2001 Lease Revenue Bonds, Series A	\$ 3,630,000
\$35,000,000 Corona Public Financing Authority 2002 Lease Revenue Bonds, Series B	27,935,000
\$36,060,000 Corona Public Financing Authority 2006 Lease Revenue Bonds, Series C	33,450,000
Total Lease Revenue Bonds	<u><u>\$ 65,015,000</u></u>

2001 Lease Revenue Bonds, Series A

The CPFA 2001 Refunding Lease Revenue Bonds, Series A were issued on May 10, 2001 in the amount of \$9,810,000 to refund the CPFA 1993 Public Improvement Refunding Bonds originally issued in the amount of \$21,295,000 to finance the acquisition of land to be developed as City park sites. The outstanding bonds bear interest from 4.30% to 4.75% and are due in annual principal installments ranging from \$815,000 to \$970,000 through September 1, 2014. The bonds are payable pursuant to a lease agreement with the City. The annual debt service requirements for the 2001 Lease Revenue Bonds Series A are presented below:

<u>Fiscal Year</u>	2001 Refunding Lease Revenue Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 850,000	\$ 147,613	\$ 997,613
2013	885,000	109,000	994,000
2014	925,000	67,581	992,581
2015	970,000	23,037	993,037
Totals	<u><u>\$ 3,630,000</u></u>	<u><u>\$ 347,231</u></u>	<u><u>\$ 3,977,231</u></u>

2002 Lease Revenue Bonds, Series B

The CPFA 2002 Lease Revenue Bonds, Series B were issued on September 1, 2002 in the amount of \$35,000,000 to pay the costs of the design, construction and acquisition of the City Hall facility. The outstanding bonds bear interest from 3.30% to 5.38% and are due in annual principal installments ranging from \$1,095,000 to \$1,930,000 through September 1, 2023 with term bonds in the amount of \$8,675,000 due on September 1, 2027. The bonds are payable from the revenues expected to be received by the CPFA from the City as lease payments for the acquired improvements.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

The annual debt service requirements for the 2002 Lease Revenue Bonds Series B are presented below:

Fiscal Year	2002 Lease Revenue Bonds		
	Principal	Interest	Total
2012	\$ 1,130,000	\$ 1,281,476	\$ 2,411,476
2013	1,170,000	1,240,495	2,410,495
2014	1,215,000	1,196,507	2,411,507
2015	1,260,000	1,148,526	2,408,526
2016	1,310,000	1,088,939	2,398,939
2017-2021	7,645,000	4,327,847	11,972,847
2022-2026	9,665,000	2,267,804	11,932,804
2027-2028	4,540,000	218,262	4,758,262
Totals	\$ 27,935,000	\$ 12,769,856	\$ 40,704,856

2006 Lease Revenue Bonds, Series C

The CPFA 2006 Lease Revenue Bonds Series C were issued on December 6, 2006 in the amount of \$37,180,000 to pay the costs of the Corporate Yard Expansion project and to redeem the outstanding 2000 Lease Revenue Bonds, Series A of the CPFA. The outstanding 2000 Lease Revenue Bonds were defeased in September 2008. The 2006 Lease Revenue Bonds bear interest from 4.50% to 5.00% and are due in annual installments ranging from \$980,000 to \$1,770,000 through September 1, 2036. The bonds are payable from the revenues expected to be received by the CPFA from the City as lease payments for the acquired improvements. The annual debt service requirements for the 2006 Lease Revenue Bonds Series C are presented below:

Fiscal Year	2006 Lease Revenue Bonds		
	Principal	Interest	Total
2012	\$ 1,015,000	\$ 1,371,644	\$ 2,386,644
2013	1,060,000	1,335,331	2,395,331
2014	1,095,000	1,297,619	2,392,619
2015	1,135,000	1,257,884	2,392,884
2016	1,170,000	1,216,106	2,386,106
2017-2021	6,555,000	5,352,673	11,907,673
2022-2026	8,170,000	3,704,205	11,874,205
2027-2031	5,280,000	2,273,325	7,553,325
2032-2036	6,500,000	1,025,950	7,525,950
2037	1,470,000	31,238	1,501,238
Totals	\$ 33,450,000	\$ 18,865,975	\$ 52,315,975

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

E. Special Assessment District Bonds (Indirect City Liability)

The payment of each bond is secured by valid assessment liens upon certain property in each district and is not a direct liability of the City. Reserves have been established from the bond proceeds to meet delinquencies should they occur and the City may, from time to time, when due and delinquent, advance available funds to pay the amount of any succeeding installment of the principal and the interest on the bonds. Therefore, the bonds are recorded as liabilities in the accompanying financial statements pursuant to GASB Statement No. 6.

The following Assessment District Bonds were outstanding at June 30, 2011:

<u>Issuance</u>	<u>Balance</u>
\$3,630,086 Assessment District No. 89-1 Improvement Bonds	\$ 230,000
\$3,000,000 Assessment District No. 90-1 Improvement Bonds	795,000
Total Special Assessment District Bonds	\$ 1,025,000

Assessment District No. 89-1 Improvement Bonds

The \$3,630,086 Assessment District No. 89-1 Improvement Bonds were issued to finance construction and acquisition of improvements in the Railroad Street Industrial Area. The outstanding bonds bear interest of 7.60% and mature in one remaining annual installment of \$230,000 on September 2, 2011.

<u>Fiscal Year</u>	<u>Assessment District No. 89-1 Improvement Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 230,000	\$ 8,740	\$ 238,740
Totals	\$ 230,000	\$ 8,740	\$ 238,740

Assessment District No. 90-1 Improvement Bonds

The \$3,000,000 Assessment District No. 90-1 Improvement Bonds were issued to finance construction and acquisition of improvements within Tract 22909. The outstanding bonds bear interest of 8.00% and mature in remaining annual installments of \$145,000 to \$215,000 through September 2, 2015. Annual debt service requirements for this assessment district improvement bonds are as follows:

<u>Fiscal Year</u>	<u>Assessment District No. 90-1 Improvement Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 135,000	\$ 58,200	\$ 193,200
2013	145,000	47,000	192,000
2014	160,000	34,800	194,800
2015	170,000	21,600	191,600
2016	185,000	7,400	192,400
Totals	\$ 795,000	\$ 169,000	\$ 964,000

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

F. Installment Agreement Payable

The following installment agreements were outstanding at June 30, 2011:

<u>Agreements</u>	<u>Balance</u>
Elsinore Vally Municipal Water District Agreement	\$ 1,664,066
Joy Water Company Purchase Agreement	100,000
Total Installment Agreements Payable	\$ 1,764,066

Elsinore Valley Municipal Water District Agreement

On December 1, 2008, the City and Elsinore Valley Municipal Water District entered into an agreement for a total of \$2,500,000 for the purpose of acquiring certain assets. The loan is payable over a period of 10 years at the rate of 4.277% interest in equal annual installments of \$250,000 through June 2019. The amount outstanding at June 30, 2011 was \$1,664,066. The annual debt service requirements per the agreement are presented below:

<u>Fiscal Year</u>	<u>Elsinore Valley Municipal Water District Agreement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 178,820	\$ 71,180	\$ 250,000
2013	186,469	63,531	250,000
2014	194,445	55,555	250,000
2015	202,762	47,238	250,000
2016	211,435	38,565	250,000
2017-2019	690,135	59,865	750,000
Totals	\$ 1,664,066	\$ 335,934	\$ 2,000,000

Joy Water Company Purchase Agreement

On April 7, 2010, the City of Corona entered into an agreement with Joy Water Company to purchase wells, pipeline and related fixtures and equipment for a total of \$500,000, which included a loan for \$200,000. The City will make two equal payments of \$100,000 through June 2012. The amount outstanding at June 30, 2011 was \$100,000. Annual debt service requirements per the agreement are as follows:

<u>Fiscal Year</u>	<u>Joy Water Company Purchase Agreement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 100,000	\$ 1,750	\$ 101,750
Totals	\$ 100,000	\$ 1,750	\$ 101,750

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

G. Contracts Payable

Contracts Payable arise from the acquisition of certain water and water reclamation facilities and represent amounts due to Western Municipal Water District payable from future water and water reclamation connection fees associated with the acquired facilities. Future connections are provided as needed in the area and as such cannot be scheduled. When connection fees are received the amounts attributable to the cost of physical connection are recognized as revenue and any additional amounts are credited to the contributed capital account. The amount outstanding at June 30, 2011 was \$690,390.

H. Term Loans Payable

The following term loans were outstanding at June 30, 2011:

<u>Term Loans</u>	<u>Balance</u>
State Revolving Fund Loan Contract No. 6-807-5850-0	\$ 10,642,254
State Revolving Fund Loan Contract No. C-06-4802-110	24,081,720
Total Term Loans Payable	\$ 34,723,974

State Revolving Fund Loan Contract No. 6-807-5850-0

On September 17, 1996, and February 20, 1997, the City and the State Water Resources Control Board of the State of California entered into a State Revolving Fund Loan Contract No. 6-807-5850-0 for a total of \$22,244,222 for purposes of expansion of the Water Reclamation Facility No. 1. The loan is payable over a period of 20 years at the rate of 2.8% interest in equal installments of \$1,503,293 through October 2018. The amount outstanding at June 30, 2011 was \$10,642,254. Annual debt service requirements for the State Revolving Fund Loan Contract No. 6-807-5850-0 are presented below:

<u>Fiscal Year</u>	<u>State Revolving Fund Loan 6-807-5850-0</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,205,310	\$ 297,983	\$ 1,503,293
2013	1,239,059	264,234	1,503,293
2014	1,273,752	229,541	1,503,293
2015	1,309,417	193,876	1,503,293
2016	1,346,081	157,212	1,503,293
2017-2019	4,268,635	241,244	4,509,879
Totals	\$ 10,642,254	\$ 1,384,090	\$ 12,026,344

State Revolving Fund Loan Contract No. C-06-4802-110

On June 10, 2003, the City and the State Water Resources Control Board of the State of California entered into a State Revolving Fund Loan Contract No. C-06-4802-110 for a maximum amount of \$30,228,817, for construction of facilities at the Water Reclamation Facility No. 1. These facilities will provide recycled water to existing and potential users within the City. The loan is payable over a period of 20 years at the rate of 2.5% interest in equal annual installments of \$1,944,995 through the year 2026. The amount outstanding at June 30, 2011 was \$24,081,720.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

Annual debt service requirements for the State Revolving Fund Loan Contract No. C-06-4802-110 are presented below:

Fiscal Year	State Revolving Fund Loan C-06-4802-110		
	Principal	Interest	Total
2012	\$ 1,342,952	\$ 602,043	\$ 1,944,995
2013	1,376,526	568,469	1,944,995
2014	1,410,939	534,056	1,944,995
2015	1,446,213	498,782	1,944,995
2016	1,482,368	462,627	1,944,995
2017-2021	7,986,608	1,738,368	9,724,976
2022-2026	9,036,114	688,862	9,724,976
Totals	\$ 24,081,720	\$ 5,093,207	\$ 29,174,927

I. Water Revenue Bonds

The \$36,690,000 CPFA 1998 Water Revenue Bonds were issued to finance the cost of certain improvements to the City's water system, consisting of the construction of a ground water desalting system and to refinance the outstanding 1994 Water System Improvement Project Certificates of Participation. The outstanding bonds bear interest from 4.25% to 4.75% and are due in annual installments ranging from \$965,000 to \$1,100,000 through 2013 with term bonds in the amount of \$6,305,000, \$7,950,000 and \$10,025,000 due on September 1, 2018, 2023 and 2028, respectively. The bonds are considered a liability of the water enterprise fund. Corresponding long-term receivable and deferred revenue for the CPFA has been eliminated in the financial statements.

The annual debt service requirements for the 1998 Water Revenue Bonds are presented below:

Fiscal Year	1998 Water Revenue Bonds		
	Principal	Interest	Total
2012	\$ 1,005,000	\$ 1,273,260	\$ 2,278,260
2013	1,050,000	1,227,525	2,277,525
2014	1,100,000	1,178,600	2,278,600
2015	1,145,000	1,126,106	2,271,106
2016	1,200,000	1,070,413	2,270,413
2017-2021	6,920,000	4,417,975	11,337,975
2022-2026	8,725,000	2,568,206	11,293,206
2027-2029	6,290,000	457,425	6,747,425
Totals	\$ 27,435,000	\$ 13,319,510	\$ 40,754,510

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

J. Certificates of Participation

The certificates of participation are special obligations of the issuer and are payable from specific pledged revenues of the issuer. The certificates are not payable from any other revenues or assets of the City. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged to the payment of the principal and interest on these certificates.

The following Certificates of Participation were outstanding as of June 30, 2011:

Certificates of Participation	Balance
\$7,010,000 Corona Public Improvement Corporation 1997 Sunkist Wastewater Treatment Facilities Refunding Bonds	\$ 2,800,000
\$68,030,000 Corona Public Financing Authority 2003 Clearwater Cogeneration / Recycled Water Projects	61,090,000
\$29,020,000 Corona Public Financing Authority 2005 Clearwater Cogeneration Projects	26,430,000
Total Certificates of Participation	<u><u>\$ 90,320,000</u></u>

1997 Sunkist Wastewater Treatment Facilities Refunding Bonds

On January 21, 1997, the CPIC issued \$7,010,000 in 1997 Refunding Certificates of Participation for the purposes of refunding the remaining \$6,425,000 of the 1986 Sunkist Wastewater Treatment Facilities Certificates of Participation and to pay the costs incurred in connection with the issuance, sale, and delivery of the bonds as well as to establish a reserve fund. The original certificates were issued to finance the acquisition, construction and installation of certain improvements to the City's Wastewater (currently referred to as Water Reclamation) Treatment Facility No. 2 (Sunkist Plant). The outstanding bonds bear interest rates from 5.20% to 5.50% and are due in annual installments ranging from \$385,000 to \$530,000 through August 1, 2016. The certificates are payable pursuant to a lease agreement between the CPIC and the City from revenues of the Water Reclamation Utility and as such have been shown as long-term obligations (Long-Term Installments Payable) of the Water Reclamation Utility and eliminated from the General Long-Term Debt of the City. A corresponding long-term obligation and deferred revenue has been eliminated for the CPIC. The annual debt service requirements for the 1997 Sunkist Wastewater Treatment Facilities Refunding Bonds are as follows:

Fiscal Year	1997 Refunding Certificates of Participation		
	Principal	Interest	Total
2012	\$ 405,000	\$ 141,563	\$ 546,563
2013	430,000	119,220	549,220
2014	450,000	95,348	545,348
2015	480,000	70,005	550,005
2016	505,000	43,037	548,037
2017	530,000	14,575	544,575
Totals	<u><u>\$ 2,800,000</u></u>	<u><u>\$ 483,748</u></u>	<u><u>\$ 3,283,748</u></u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

2003 Clearwater Cogeneration/Recycled Water Projects Certificates of Participation

On May 20, 2003, the CPFA issued \$68,030,000 in 2003 Certificates of Participation for the purpose of financing the acquisition, construction and installation of the Clearwater Cogeneration and Biosolids Project (the "Cogeneration Project"), to finance a portion of the Recycled Water Project and to pay the costs incurred in connection with the issuance, sale and delivery of the bonds as well as to establish a capitalized interest fund and a reserve fund. The outstanding bonds bear interest from 3.50% to 5.00% due in installments of \$1,720,000 to \$3,065,000 through September 1, 2023 with term bonds of \$17,760,000 due September 1, 2028 and \$12,930,000 due September 1, 2031.

The City purchased the Cogeneration Project (the Facility) from the CPFA pursuant to an Installment Purchase agreement for a principal amount of \$60,875,000 which is recorded in the City's Electric enterprise fund. The City pays the Purchase Payments to the CPFA from revenues pursuant to two separate Power Sales Agreements between the City and the Corona Utility Authority (Authority), and as such have been shown as long-term obligations (Certificates of Participation) of the City's Electric enterprise fund and eliminated from the General Long-Term Debt of the City. A corresponding long-term obligation and deferred revenue has also been eliminated from CPFA.

The City purchased the Recycled Water Project from the CPFA pursuant to an Installment Purchase agreement for a principal amount of \$7,155,000. The City will pay purchase payments to the CPFA pursuant to a Recycled Water Project Lease Agreement between the City and the Authority. The Authority will make payments to the City from net revenues of the recycled water system and as such have been shown as long-term obligations (Certificates of Participation) of the Water enterprise fund and eliminated from the General Long-Term Debt of the City. A corresponding long-term obligation and deferred revenue has been eliminated from the CPFA.

The annual debt service requirements for the 2003 Clearwater Cogeneration/Recycled Water Projects Certificates of Participation are presented below:

2003 Certificates of Participation			
Fiscal Year	Principal	Interest	Total
2012	\$ 1,790,000	\$ 2,929,400	\$ 4,719,400
2013	1,855,000	2,865,612	4,720,612
2014	1,915,000	2,794,850	4,709,850
2015	1,995,000	2,716,650	4,711,650
2016	2,070,000	2,625,000	4,695,000
2017-2021	12,020,000	11,422,000	23,442,000
2022-2026	15,345,000	8,018,125	23,363,125
2027-2031	19,575,000	3,673,625	23,248,625
2032	4,525,000	113,125	4,638,125
Totals	\$ 61,090,000	\$ 37,158,387	\$ 98,248,387

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

2005 Clearwater Cogeneration Projects Certificates of Participation

The CPFA issued \$29,020,000 in 2005 Certificates of Participation for the purpose of financing the remaining costs associated with the acquisition, construction and installation of the Cogeneration Project and the Electric Distribution Facilities Project. The outstanding bonds bear interest from 3.00% to 5.00% due in installments of \$610,000 to \$905,000 through September 1, 2021 with term bonds of \$2,945,000 due September 1, 2024, \$5,910,000 due September 1, 2029 and \$9,280,000 due September 1, 2035.

Approximately \$8.9 million of the proceeds of the Certificates financed the completion of the City's Cogeneration Project (Facility). The City purchased the Facility from the CPFA and pays the Purchase Payments pursuant to an Installment Purchase Agreement. In September 2010, the City sold the Facility to the City of Riverside.

Approximately \$15.0 million of the proceeds of the Certificates financed the acquisition, construction and installation of the electric distribution facilities necessary to supply power to all Greenfield developments within the City. The City purchased such electric distribution facilities from the CPFA pursuant to an Installment Purchase Agreement. On May 7, 2003, the City announced that it would no longer pursue its plan to acquire Southern California Edison's distribution facilities within the City and terminated the eminent domain proceedings. Approximately \$3.1 million of the proceeds of the Certificates reimbursed the City for certain costs incurred in connection with such terminated eminent domain proceedings.

The annual debt service requirements for the 2005 Clearwater Cogeneration Projects Certificates of Participation are presented below:

<u>Fiscal Year</u>	<u>2005 Certificates of Participation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 630,000	\$ 1,190,173	\$ 1,820,173
2013	650,000	1,169,372	1,819,372
2014	670,000	1,147,085	1,817,085
2015	695,000	1,123,197	1,818,197
2016	715,000	1,098,076	1,813,076
2017-2021	4,030,000	5,033,185	9,063,185
2022-2026	4,920,000	4,106,359	9,026,359
2027-2031	6,205,000	2,784,875	8,989,875
2032-2036	7,915,000	1,028,125	8,943,125
Totals	<u>\$ 26,430,000</u>	<u>\$ 18,680,447</u>	<u>\$ 45,110,447</u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

9. Pledged RevenuesTax Increment Revenues Pledged

The City has pledged, as security for tax allocation bonds it has issued, either directly or through the CPFA, a portion of the tax increment revenue that its Agency receives to repay \$82.0 million Redevelopment Tax Allocation Bonds. These bonds were to provide financing for various capital projects within the Agency's project areas. The City has committed to appropriate each year, from the tax increment revenues, amounts sufficient to cover the principal and interest requirements on the outstanding bonds. Total principal and interest remaining on these bonds is \$126,835,902. For the current year, the total tax increment revenue, net of pass through payments, recognized by the City was \$18,242,116 and the debt service obligation on the bonds was \$7,294,608.

Utility Revenues Pledged

The City has pledged, as security for its water revenue bonds and certificates of participation it has issued, through the CPFA or the CPIC, a portion of the utility customer revenues, net of specified operating expenses, to repay \$117.8 million outstanding bonds. These bonds were to provide financing for various capital projects of the City, including the construction of certain water system, water treatment facilities, electric generation and distribution system, and biosolid drying facility. The bonds are payable solely from the City's utility customer net revenues and are payable through certain installment purchase agreements. Annual principal and interest payments on these bonds are expected to require less than 23.9 % of net revenues. The total debt service remaining to be paid on the bonds is \$187,397,092. Principal and interest paid for the current year and total customer net revenues were \$9,362,866 and \$39,110,807, respectively.

10. Credit Agreements

The City has entered into letter of credit agreements with Bank of America. The Irrevocable Letters of Credit have been issued for the benefits of Southern California Edison to comply with various Interconnection Facilities Agreements that the Corona Utility Authority has entered into in order to provide electric distribution. The Irrevocable Letters of Credit have expiration dates; however they are automatically extended without amendment annually. The Irrevocable Letters of Credit are to remain in effect until all payment obligations under the terms of the Interconnection Facilities Agreements have been satisfied.

The following Irrevocable Letters of Credit are outstanding as of June 30, 2011:

<u>Payee</u>	<u>Issue Date</u>	<u>Renewal Date</u>	<u>Amount</u>
Southern California Edison	9/1/2010	8/31/2011	\$ 21,225
Southern California Edison	9/1/2010	8/31/2011	176,593
Southern California Edison	9/1/2010	8/31/2011	106,433
Southern California Edison	4/6/2011	4/5/2012	121,850
Total Irrevocable Letters of Credit			<u><u>\$ 426,101</u></u>

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

11. Non-City Obligations**A. Special Assessment District Bonds (Non-City Obligation)**

The payment of these bonds is secured by valid assessment liens upon certain lands in each district and is not a direct liability of the City. Reserves have been established from the bond proceeds to meet delinquencies should they occur. Neither the faith and credit nor taxing power of the City of Corona is pledged to the payment of the bonds. If delinquencies occur beyond the amounts held in those reserves, the City has no duty to pay those delinquencies out of any other available funds. The City acts solely as an agent for those paying the assessments and the bondholders. As of June 30, 2011 the balances outstanding were:

Assessment District Bonds (Non-City Debt)		Balance
\$ 855,000	A.D. No. 95-1 Improvement Bonds	\$ 470,000
\$ 1,624,200	A.D. No. 96-1 1996 A Improvement Bonds	920,000
\$ 685,000	A.D. No. 96-1 1997 A Improvement Bonds	415,000
\$ 1,605,000	A.D. No. 96-1 1997 B Improvement Bonds	1,020,000
\$ 2,657,100	A.D. No. 96-1 1999 A Improvement Bonds	1,850,000
Total Special Assessment District Bonds		\$ 4,675,000

B. Marks Roos Bonds (Non-City Obligation)

These bonds are authorized pursuant to the Marks-Roos Local Bond Pooling Act of 1985. It was created as a way for local governmental agencies to fund needed working capital, public capital improvements, or other projects that would provide significant benefits to the public. The act allows local agencies, through joint powers authorities, to issue bonds to reduce borrowing costs through the use of bond pools. The authority bonds are secured by the revenue obtained from the principal of and interest payments on the local obligation bonds which are payable from the special taxes levied and collected from the taxable property within the district. Neither the faith and credit nor taxing power of the City is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the City has no obligation to pay the delinquency out of any available funds of the City. The City acts solely as an agent for the special taxes levied on the properties and the debt service payments to the bondholders. The following is a list of the Marks-Roos Bonds currently active:

Marks Roos District Bonds (Non-City Debt)		Balance
\$ 25,755,000	1999 Revenue Bonds, Series A (Superior Lien)	\$ 15,335,000
\$ 10,255,000	1999 Revenue Bonds, Series B (Subordinate Lien)	5,855,000
Total Marks Roos District Bonds		\$ 21,190,000

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

C. Community Facilities District Bonds (Non-City Obligation)

These bonds are authorized pursuant to the Mello-Roos Community Facilities Act of 1982 as amended, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District and by the City Council. Neither the faith and credit nor taxing power of the City is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the City has no duty to pay the delinquency out of any available funds of the City. The City acts solely as an agent for those paying taxes levied and the bondholders.

The following is a list of the Community Facilities District Bonds currently active:

Community Facility District Bonds (Non-City Debt)		Balance
\$ 22,580,000	CFD 86-2 Refunding and Improvement Bonds	\$ 12,785,000
\$ 62,845,000	CFD 90-1 Refunding Bonds	31,275,000
\$ 19,505,000	CFD 97-2 Special Tax Bonds	13,290,000
\$ 6,485,000	CFD 2000-1, Series A Special Tax Bonds	5,395,000
\$ 1,610,000	CFD 2000-1, Series B Special Tax Bonds	1,380,000
\$ 20,295,000	Ref CFD 89-1, Series A District-Wide Local Bonds	12,075,000
\$ 15,715,000	Ref CFD 89-1, Series B Imp Area Local Bonds	9,115,000
\$ 3,675,000	CFD 2001-2 Special Tax Bonds	3,205,000
\$ 9,415,000	CFD 2002-4 Special Tax Bonds	8,605,000
\$ 6,135,000	CFD 2003-2 Special Tax Bonds	7,915,000
\$ 22,475,000	CFD 2002-1 Special Tax Bonds & Escrow Term Bonds	17,620,000
\$ 3,805,000	CFD 2004-1 Special Tax Bonds	3,475,000
\$ 10,280,000	CFD 2002-1 Improvement Area Special Tax Bonds	8,005,000
Total Community Facilities District Bonds		\$ 134,140,000

D. Conduit Debt Obligations

Not included in the accompanying financial statements are various conduit debt obligations issued under the name of the City and/or the Agency. The Bonds are not secured by or payable from revenues or assets of the City or Agency. Neither the faith and credit nor the taxing power of the City, the Agency, the State of California or any political subdivision thereof is pledged to the payment of the principal of and interest on the Bonds nor is the City or the Agency in any manner obligated to make any appropriations for payments on these bonds. At June 30, 2011, the aggregate principal amount of Conduit Debt Obligations outstanding totaled \$24,312,845.

12. Bond Requirements

At June 30, 2011, management believes the City and its component units are in compliance with all covenants of the various debt indentures.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

13. Pension Related Debt

In Fiscal Year 2005-06, California Public Employees Retirement System (CalPERS) required participation in risk pools for all plans with less than 100 active members, as of June 30, 2003. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Pooling will reduce the volatility of future employer rates. The Safety Fire Plan is part of the CalPERS cost-sharing multiple-employer defined benefit pension plan; known as the "Safety 3.0% at 50 Risk Pool." At the time of joining the pool, a side fund was created to account for the differences between the funded status of the pool and the funded status of the plan. The side fund for the City at that time carried a negative balance of \$10,159,328, representing a pension related obligation for the City. CalPERS determined this obligation should be amortized over an 11-year period. As of June 30, 2011, the City's pension related obligation had a balance of \$6,315,503 with an assumed interest rate of 7.75%. Due to the fact that this obligation is program specific, the annual debt service payment is recorded as the Public Safety – Fire expenses together with the employer contribution to the risk pool. The interest on this debt of \$504,818 is also included in the Public Safety – Fire function expenses and not in the Interest and Fiscal Charges expenses in the Statement of Activities and Changes in Net Assets.

The following presents principal and interest due in the future fiscal years using the assumed interest rate:

<u>Fiscal Year</u>	<u>Pension Related Debt (Fire Plan Side Fund)</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 990,064	\$ 435,251	\$ 1,425,315
2013	1,114,878	356,760	1,471,638
2014	1,250,929	268,538	1,519,467
2015	1,399,136	169,713	1,568,849
2016	1,560,496	59,341	1,619,837
Totals	\$ 6,315,503	\$ 1,289,603	\$ 7,605,106

14. Pension Plan

A. Defined Benefit Pension Plan

Plan Description

The City's defined benefit pension plan (Miscellaneous Plan, Safety Police Plan and the Safety Fire Plan), provides retirement and disability benefits, annual cost-of-living adjustments (COLAs), and death benefits to plan members and beneficiaries. The Miscellaneous and the Safety Police Plans are part of the Public Agency portion of the CalPERS agent multiple-employer defined benefit pension plan. The Safety Fire Plan is part of the Public Agency portion of the CalPERS cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statutes within the Public Employees' Retirement Law. The City adopts its benefit provisions through contract with CalPERS and approves them through Council Resolutions and specific agreements with City

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

labor groups. Copies of CalPERS' annual financial report may be obtained from their Executive Office located at Lincoln Plaza North, 400 Q Street, Sacramento, California 95814.

Funding Policy

Active plan members in CalPERS are required to contribute 8.0% (non-safety) or 9.0% (safety) of their annual covered salary. The City pays the 9% member contribution required of all police safety employees and the 8% member contribution required of miscellaneous employees hired before January 1, 1999. Miscellaneous employees hired on or after January 1, 1999 pay 3% of the required member contribution, while the City pays the remaining 5%. For fire safety employees, the entire 9% required member contribution is paid by the employee.

In addition, the City is required to contribute amounts necessary to fund the benefit for its members, at an actuarially determined rate applied to annual covered payroll. The required employer contribution rate for Fiscal Year 2010-11 was 21.587% for miscellaneous employees, 26.993% for the police safety group and 32.846% for the fire safety group. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

Annual Pension Cost

For Fiscal Year 2010-11, the City's annual pension cost for the Miscellaneous and Safety Police Plan was \$10,862,526 and was equal to the City's required and actual contributions. The required contribution for Fiscal Year 2010-11 was determined as part of the June 30, 2008 actuarial valuation, using the entry age actuarial cost method. The actuarial assumptions included: (a) an investment rate of return of 7.75% (net of administrative expenses); (b) projected salary increases of 3.25% to 14.45% for Miscellaneous Plan and 3.25% to 13.15% for the Safety Police Plan depending on age, service and type of employment; and (c) 2% per year COLA for retired members. An inflation factor of 3.00% is compounded annually and used for both plans. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15-year period (smoothed market value). The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2008 actuarial valuation date was 22 years for Miscellaneous and 25 years for Safety Police.

For Fiscal Year 2010-11, the City's annual pension cost for the Safety Fire Plan was \$3,438,225 and was equal to the City's required and actual contributions. The Safety Fire Plan is part of the Safety 3.0% at 50 Risk Pool, a cost-sharing multiple-employer defined benefit plan. The Risk Pool uses the same actuarial methods and assumptions as described above. The remaining amortization period for the City's share of the unfunded actuarial accrued liability at the June 30, 2008 actuarial valuation date was 16 years.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

The City's contributions to CalPERS for the Miscellaneous Plan, Safety Police Plan and Safety Fire Plan for the three years ending June 30, 2011, 2010 and 2009 are presented below:

Three-Year Trend Information for Cal PERS Defined Benefit Pension Plans

	Fiscal Year	Annual	Percentage of APC	Net Pension
	Ending	Pension Cost	Contributed	Obligation
		(APC)		
Miscellaneous	06/30/2009	\$ 5,283,489	100%	\$ -
Employees	06/30/2010	6,345,360	100%	-
Group	06/30/2011	6,398,576	100%	-
Police Safety	06/30/2009	\$ 4,742,861	100%	\$ -
Employees	06/30/2010	4,814,824	100%	-
Group	06/30/2011	4,463,950	100%	-
Fire Safety	06/30/2009	\$ 3,418,801	100%	\$ -
Employees	06/30/2010	3,307,623	100%	-
Group	06/30/2011	3,438,225	100%	-

Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the Miscellaneous Plan was 68.8% funded and the Safety Police Plan was 74.9% funded. The actuarial accrued liability for benefits was \$239,840,884 for Miscellaneous and \$138,322,555 for Police Safety. The actuarial value of assets was \$165,107,463 for Miscellaneous and \$103,602,154 for Police Safety, resulting in an unfunded actuarial accrued liability (UAAL) of \$74,733,421 and \$34,720,401 respectively. The covered payroll (annual payroll of active employees covered by the plan) was \$30,614,756 for Miscellaneous and \$17,236,508 for Police Safety, and the ratio of the UAAL to the covered payroll was 244.1% and 201.4% respectively.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B. Defined Contribution Pension Plan

The City provides pension benefits for all of its Part-time, Seasonal and Temporary (PST) employees through the City's PST Deferred Compensation Plan, which is a defined contribution plan. The plan is administered by Nationwide Retirement Solutions. The purpose of the plan is to provide PST employees with a retirement plan as mandated by and in compliance with the Federal Omnibus Reconciliation Act of 1990. The plan provisions including contribution requirements were established by the City Council according to Department of Treasury regulations under Section 457 of the Internal Revenue Code of 1986, as amended. Plan benefits and contribution requirements may be amended by the City Council.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are required to participate from the date of employment. The City requires the employee to contribute 6.2% of the 7.5% required by the Federal Government.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

The City's contribution for each employee and interest allocated to the employee's account are fully vested immediately. During Fiscal Year 2010-11, the City contributed \$16,463 on hourly salaries of \$1,266,371 with the employees contributing \$78,515.

15. Other Post-Employment Benefits Other Than Pensions (OPEB)

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)*, for certain postemployment healthcare benefits and life insurance benefits provided by the City in Fiscal Year 2007-08.

Plan Description

The City's defined benefit postemployment healthcare plan, California Employers' Retiree Benefit Trust Program (CERBT), is an agent multiple-employer postemployment healthcare plan administered by the California Public Employees' Retirement System (CalPERS) Board of Administration. The plan provides retiree healthcare benefits for employees who retire with CalPERS pension benefits immediately upon termination of employment from the City. Eligible retirees may elect coverage through the City's contract with CalPERS healthcare benefits. The plan benefits are established and may be amended by the City Council.

Under the plan, employees are classified into two tiers, which are based on hire date. Tier I participants were hired prior to a specific date based on bargaining group and are eligible to receive reimbursement of medical premiums at 100% or capped at the 2nd highest family premium rate available, determined by the employee's separation date. Tier II employees receive the minimum Public Employees Medical and Hospital Care Act (PEMHCA) benefits paid by the City. In addition, all eligible retirees are provided life insurance coverage of \$50,000 until age 70.

The CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for CERBT in accordance with GASB Statement No. 43. That report may be obtained by contacting CalPERS at FCSD-CERBT@CalPERS.ca.gov or 888-CalPERS.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The CERBT program's funding policy provides for the contributions by the City at actuarially determined rates described as the Annual Required Contribution (ARC) of the employer. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as approved by the City Council. For Fiscal Year 2010-11, the City contributed \$7.3 million to the plan, including \$4.7 million for current premiums and an additional \$2.6 million to prefund the plan. The plan members pay the portion of premiums not paid by the City (e.g., in excess of capped amounts).

Annual OPEB Cost

The City's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For Fiscal Year 2010-11, the City's annual OPEB cost (expense) of \$7,295,000 for CERBT was equal to the ARC. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three fiscal years are presented below:

Three-Year Trend Information for OPEB Plan

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
06/30/2009	\$ 7,862,000	100%	-
06/30/2010	7,043,000	100%	-
06/30/2011	7,295,000	100%	-

Funded Status and Funding Progress

As of the July 1, 2010 actuarial valuation date, the funded status of the City's OPEB plan was:

Actuarial accrued liability (AAL)	\$ 106,454,000
Actuarial value of plan assets	9,840,000
Unfunded actuarial accrued liability (UAAL)	<u>\$ 96,614,000</u>
Funded ratio (actuarial value of plan assets/UAAL)	10.2%
Covered payroll (active plan members)	\$ 50,900,000
UAAL as a percentage of covered payroll	189.8%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The most recent actuarial valuation for the City's OPEB plan was obtained as of June 30, 2011.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

In the July 1, 2009 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 7.75% percent discount rate and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after five years. The actuarial assumptions also included a payroll growth of 3.25% per year. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over thirty years. The remaining amortization period at June 30, 2011 was 26 years.

16. Classification of Net Assets and Fund Balances

A. Government-Wide Financial Statements

In the Government-Wide Financial Statements, net assets are classified in the following categories:

Invested In Capital Assets, Net of Related Debt

This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Assets

This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Additionally, this category presents restrictions placed on the categories of capital projects, debt service, and specific projects and programs as established by the City Council.

Unrestricted Net Assets

This category represents the net assets of the City, which are not restricted for any project or other purpose.

B. Fund Financial Statements

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in Fiscal Year 2009-10. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The detailed classifications of fund balances are describe later in the section.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

The fund balances of the City governmental funds as of June 30, 2011 are presented below:

	<u>General Fund</u>	<u>Development Special Revenue</u>	<u>Redevelopment Special Revenue</u>	<u>Redevelopment Debt Service</u>
Fund Balances:				
Nonspendable:				
Inventory	\$ 303,479	\$ -	\$ -	\$ -
Prepaid	626,565			
Long-term Receivables	14,182,036		347,936	
Restricted for:				
Construction Escrow				
Street Maintenance				
Trip Reduction				
Asset Forfeiture				
Debt Service Reserve				5,283,567
Housing & Community Development			1,359,238	
Other Grants				
Committed to:				
ECB Savings	2,254,773			
Emergency Contingency	14,300,000			
Designated Revenues	1,517,918			
Assigned to:				
Development		4,468,136		
Developer Agreements	549,321			
Debt Service	4,017,233			
Budget Balancing Measures	23,075,164			
Continuing Appropriations	2,355,239			
City Equipments	6,282,134			
City Facility Projects	1,151,743			
Redevelopment Capital Projects				
Redevelopment Admin Loan	4,260,552			
Management Reserve	5,000,000			
Other Capital Projects				
Other Purposes	3,642,424			
Total Fund Balance	<u>\$ 83,518,581</u>	<u>\$ 4,468,136</u>	<u>\$ 1,707,174</u>	<u>\$ 5,283,567</u>

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CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

<u>Redevelopment Capital Projects</u>	<u>Corona Housing Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 61,220,936	\$ -	\$ 61,524,415
			626,565
			14,529,972
1,286,673			1,286,673
		9,079,784	9,079,784
		291,550	291,550
		650,982	650,982
		5,795,656	11,079,223
	8,033,621	404,558	9,797,417
		3,106,391	3,106,391
			2,254,773
			14,300,000
			1,517,918
			4,468,136
			549,321
		9,890,412	13,907,645
			23,075,164
			2,355,239
			6,282,134
		1,157,652	2,309,395
9,441,351			9,441,351
			4,260,552
			5,000,000
		104,026	104,026
			3,642,424
<u>\$ 10,728,024</u>	<u>\$ 69,254,557</u>	<u>\$ 30,481,011</u>	<u>\$ 205,441,050</u>

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CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

The following classifications of fund balances describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance

Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

Restricted Fund Balance

Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by City Council, the City's highest level of decision-making authority, through an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified uses through the same type of formal action taken to establish the commitment. The City's committed fund balance includes:

- **General Fund Emergency Contingency**
The City's General Fund balance committed for emergency contingencies has been set by resolution and is for specific uses listed as the declaration of a state or federal state of emergency or a local emergency as defined in Corona Municipal Code Section 2.52.020.
- **Expenditure Control Budget Savings**
The calculation of Expenditure Control Budget (ECB) Savings is established in the annual budget resolution adopted by City Council. The same budget resolution provides for the appropriation and use of these committed amounts by the request of the individual departments with Finance Director recommendation and City Manager approval.
- **Designated Revenues**
Designated Revenues are committed by minute action of the City Council. Upon receipt of the revenues and at the request of the specific department, funds may be appropriated for departmental use with the recommendation of the Finance Director, or with approval of City Council, depending on the amount of request.

Assigned Fund Balance

Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council delegates the authority to assign amounts to be used for specific purposes to the Finance Director.

Unassigned Fund Balance

These are either residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories, or negative balances in all other funds.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

As noted in Note 1, restricted funds are used first as appropriate. Assigned fund balance is reduced to the extent that expenditure has been appropriated by City Council. Decrease in fund balance first reduce committed fund balance, in the event that committed fund balance becomes zero, then assigned and unassigned fund balances are used in that order.

17. Risk Management

A. Workers' Compensation Insurance

The City's self-insured retention is \$1,000,000 with purchased excess insurance for claims over that amount up to policy limits. Departments are charged a percentage of the total estimated insurance, claims expense and premiums based on payroll cost. The actuarial estimated liability for pending and incurred but not reported claims at June 30, 2011 has been included in the Claims Payable amount for the same reporting period. Claims Payable is incorporated in the financial statements as Claims and Judgments Payable in internal service funds and is based on history and actuarial studies.

The following reconciles Claims and Judgments Payable for the Workers' Compensation Self-Insurance Fund for fiscal year ended June 30, 2011 and its four preceding years:

Fiscal Year Ended June 30,	Claims Payable July 1,	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30,
2007	\$ 14,185,857	\$ (5,458,226)	\$ (1,328,542)	\$ 7,399,089
2008	7,399,089	4,336,670	(1,608,863)	10,126,896
2009	10,126,896	2,241,834	(893,458)	11,475,272
2010	11,475,272	4,636,793	(1,707,065)	14,405,000
2011	14,405,000	3125476	(1,854,476)	15,676,000

B. Liability Insurance

The City's self-insured retention is \$750,000 with an excess policy insuring claims over \$750,000 up to a limit of \$10,000,000. A third party administrator administers claims. The actuarial estimated liability for pending and incurred but not reported claims at June 30, 2011 has been incorporated in the financial statements as Claims and Judgments Payable in internal service funds and are based on history and actuarial studies.

The following table reconciles Claims and Judgments Payable for the Liability Risk Self-Insurance Fund, including property losses, for fiscal year ended June 30, 2011 and its four preceding years.

Fiscal Year Ended June 30,	Claims Payable July 1,	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30,
2007	\$ 2,993,781	\$ (363,617)	\$ (845,714)	\$ 1,784,450
2008	1,784,450	1,108,873	(723,928)	2,169,395
2009	2,169,395	842,623	(578,303)	2,433,715
2010	2,433,715	444,759	(573,474)	2,305,000
2011	2,305,000	496231	(375,231)	2,426,000

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

C. Property Losses (excluding earthquake)

The City's property losses are covered by insurance policies for covered value of \$100,000,000 with deductibles of \$50,000. The estimated liability for pending and incurred but not reported claims at June 30, 2011 has been incorporated in the financial statements as Claims and Judgments Payable in the Liability Risk internal service fund and are based on history only.

The total liabilities amount to \$15,676,000 for Workers Compensation and \$2,426,000 for Liability. Of these amounts, \$2,341,891 and \$545,355 are the amounts due in one year or less, respectively. Claims are paid by the separate internal service funds for each liability.

18. Commitments and Contingencies

The City has entered into several operating lease agreements in the conduct of its day-to-day operations to provide for facilities and/or services. None of these operating leases are considered to be significant commitments.

As of June 30, 2011, the City's Redevelopment Agency had entered into various owner participation and development and disposition agreements with businesses and property owners within the Agency's project areas. These agreements provide for various incentives, including land subsidies, sales tax rebates and debt forgiveness to specific projects based on revenues generated by those projects.

The City is a defendant in a number of lawsuits that have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City Attorney, these actions when finally adjudicated will not have material adverse effect on the financial position of the City.

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations, and if certain proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or refunded to the taxpayers through revised tax rates or revised fee schedules. For the fiscal year ended June 30, 2011, the City's appropriations limit totaled \$365,349,413 and the City's appropriations subject to limitation were \$71,199,463.

On November 5, 1996, California voters passed Proposition 218 which requires, in general, that any new implementation, increase or extension of taxes, fees, and charges be put to a vote of the public. The City has held special elections for property owners in special districts when appropriate asking for a proportional increase in the annual assessment for landscape maintenance on publicly owned medians and easements. Regardless if the elections were passed or defeated, services in those districts continue to be provided at a level equal to the assessments.

On September 28, 1995, the California Supreme Court reversed a Court of Appeals decision which reinstated provisions of Proposition 62 which was a 1986 voter initiative that required all general taxes to be approved by simple majority vote of the electorate. The Supreme Court provided very little detail on a number of issues surrounding their decision but the only possible exposure, if any, to the decision for the City would be its transient occupancy tax which was increased by 2% in 1989. It remains unclear what, if any, liability the City may have.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

On July 9, 2003 the City's Redevelopment Agency entered into a developer agreement with Sherborn, LLC (Developer). The agreement provides for the Agency to reimburse the Developer for certain public improvement costs incurred by the Developer. As of June 30, 2011, a total of \$3,949,155 has been paid to the developer. The agreement expires on July 15, 2020.

On February 16, 2011, the City entered into a Financial Assistance and Cooperation agreement with it's Redevelopment Agency and the CHA. This agreement is to provide funding for the CHA in order for the CHA to carry out the housing activities prescribed in the policies established by the City's General Plan. The agreement created a contractual obligation and pledge of existing and future funds within the Agency's Redevelopment Special Revenue Fund. As of June 30, 2011, a total amount of \$69,254,557 has been transferred to the CHA.

On July 18, 2011, the California Redevelopment Association and the League of California Cities filed a petition for writ of mandate with the California Supreme Court (the Court), requesting the Court to declare unconstitutional two bills that were passed as part of the Fiscal Year 2011-12 State Budget, AB1X 26 and 27, in relates to the dissolution of redevelopment agencies statewide. Refer to note 21 for additional information.

As of June 30, 2011, in the opinion of City Administration, there were no additional outstanding matters that would have a significant effect on the financial position of City.

19. Restatements

In Fiscal Year 2010-11, the City restated the beginning balance of net assets by \$(7,734,796) and \$(1,391,247) for governmental activities and business-type activities respectively:

- a) At June 30, 2011, the City reduced its beginning balance of construction in progress in governmental activities by \$6,919,342 as the result of reclassifying prior year capital expense to operating expense. In addition, beginning balances of capital assets in the buildings and improvements, and machinery and equipment categories as well as their respective accumulated depreciation have been restated by \$1,002,845 and \$373,986 respectively, due to the disposal of these assets in the previous fiscal year. These restatements of capital assets resulted in a decrease to the beginning balance of net assets of the governmental activities in the amount of \$7,548,201.
- b) At June 30, 2011, the City adjusted its prior fiscal year's revenues by \$186,595 due to the disallowance of grant reimbursement for a local street improvement project. This resulted in a further reduction of the beginning balance of net assets of the governmental activities in the amount of \$186,595.
- c) At June 30, 2011, the City reclassified \$1,391,247 of prior year's capital expenses in construction in progress to operating expenses in the business-type activities. This resulted in a decrease to the beginning balance of net assets of the business-type activities in the amount of \$1,391,247.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

Restatements to net assets made on the government-wide statements for Fiscal Year 2010-11 are summarized as follows:

	Governmental Activities	Business-Type Activities
Beginning Net Assets, as reported	\$ 849,759,996	\$ 148,429,569
Restatements	(7,734,796)	(1,391,247)
Beginning Net Assets, as restated	<u>\$ 842,025,200</u>	<u>\$ 147,038,322</u>

Restatements to fund balance and net assets on the fund financial statements for Fiscal Year 2010-11 are summarized as follows:

- a) At June 30, 2011, the City adjusted its prior fiscal year's revenues by \$186,595 due to the disallowance of grant reimbursement for a local street improvement project. This resulted in a decrease of the beginning fund balance of Other Grants capital project fund in the amount of \$186,595.
- b) At June 30, 2011, the City reclassified \$780,406 and \$623,734 of prior year's capital expenses for construction in progress to operating expenses in Water and Water Reclamation utilities respectively. In addition, \$12,893 was reclassified from operating expenses to construction in progress capital expense in the Electric fund.

Below is a summary of restatements made on the fund financial statements for the Fiscal Year 2010-11:

	Nonmajor	Proprietary Funds		
	Governmental	Water		
	Capital Project Other Grants	Water	Reclamation	Electric
Beginning Fund Balance as reported	\$ 3,193,431	\$ 88,421,184	\$ 48,148,902	\$ 8,236,641
Restatements	(186,595)	(780,406)	(623,734)	12,893
Beginning Fund Balance as restated	<u>\$ 3,006,836</u>	<u>\$ 87,640,778</u>	<u>\$ 47,525,168</u>	<u>\$ 8,249,534</u>

20. Supplemental Educational Revenue Augmentation Fund (SERAF) Shifts

On July 23, 2009, the State adopted legislation, requiring a shift of monies during Fiscal Years 2009-10 and 2010-11 to be deposited into the County "Supplemental" Educational Revenue Augmentation Fund (SERAF). These monies were to be distributed to meet the State's Prop 98 obligations to schools. The California Redevelopment Association (CRA) and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid; however, in May 2010 the Sacramento Superior Court upheld the legislation. This decision is in the process of being appealed by CRA and its member agencies. Additionally, on November 2, 2010, California voters passed Proposition 22 which prohibits the State from borrowing or taking funds used for Redevelopment. The direct impact of Proposition 22 on SERAF is unclear as of this reporting period.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

The SERAF payments made by the City of Corona's Redevelopment Agency (the Agency) were \$8,860,201 for Fiscal Year 2009-10 and \$1,824,159 for Fiscal Year 2010-11. Of the total payment, \$5,308,281 was from Fiscal Year 2009-10 suspended set-aside Low and Moderate Income Housing fund as allowed by the legislation. The suspended set-aside deposit is to be repaid to the Low and Moderate Income Housing Fund by June 30, 2015. If those amounts are not repaid, by that date, then the set-aside percentage to Low and Moderate Income Housing will increase from 20% to 25% for the remainder of the life of the Agency. The suspended set-aside amounts relating to the Low and Moderate Income Housing Fund have been reflected as inter-fund advances between the accounting funds of the Agency.

21. California Redevelopment Agency Uncertainty

On July 18, 2011, the California Redevelopment Association (the CRA) and the League of California Cities (the League) filed a petition for writ of mandate with the California Supreme Court (the Court), requesting the Court to declare unconstitutional two bills that were passed as part of the Fiscal Year 2011-12 State Budget, AB1X 26 and 27. AB1X 26 dissolves redevelopment agencies effective October 1, 2011; AB1X 27 gives redevelopment agencies an option to avoid dissolution if it commits to making defined payment for the benefit of the State, school districts, and certain special districts. These payments amount to a state-wide total of \$1.7 billion in Fiscal Year 2011-12, and \$400 million annually in Fiscal Year 2012-13 and thereafter. Each jurisdiction's share of these payments is determined on its proportionate share of state-wide tax increment.

The CRA and the League contend that AB1X 26 and 27 are unconstitutional because they violate Proposition 22 which was passed by the voters in November 2010. The effect of the legislation is to achieve a possible unconstitutional result, the use of redevelopment agencies' tax increment funds to benefit the State and other units of local government, by way of threatening of the dissolution of redevelopment agencies. Therefore, the CRA and the League requested that the Court issue a stay, suspending the effectiveness of AB1X 26 and 27 until the Court can rule on its constitutionality. The CRA and the League also asked the Court to expedite the briefing and hearing of the case so that a decision can be rendered by the Court before January 15, 2012, when the first payment is due. On August 11, 2011, the Court agreed to hear the case and granted a partial stay which was subsequently clarified.

As of the time of the issuance of this report, the outcome of AB1X 26 and 27 upon the Redevelopment Agency of the City of Corona is unknown. In accordance with AB1X 27, the Redevelopment Agency of the City of Corona has passed a resolution of intent to continue and will be required to make a payment to the State for a total of \$7,872,288 in two installments by January 15 and May 15, 2012 to avoid dissolution.

CITY OF CORONA

Notes to the Basic Financial Statements
Year Ended June 30, 2011

22. Subsequent Events

Subsequent events have been evaluated through November 29, 2011, which is the date of the independent auditors' report.

On July 20, 2011, the City Council adopted the Public Agency Retirement System Supplementary Retirement Plan (Plan) for the purpose of providing a retirement incentive to certain eligible employees electing to voluntarily separate from City service subject to certain conditions. This retirement incentive program was introduced in light of anticipated budget challenges in future years. On November 2, 2011, the disclosure of cost was provided to the City Council. On November 16, 2011, the program was acknowledged, as required by Government Code Section 7507, to meet the City's fiscal and operational objectives. Among the 55 employees participated in the program, four positions will be replaced. Actuarial determined Plan liability of the program is \$4,639,897 with an estimated annual payment of \$1,405,305 for five years. Among the total annual estimated payment, \$996,550 is for the qualified plan, annuitized at a discount rate of approximately 2%; \$408,755 is for the excess benefit plan, assuming a 3% annual interest rate. The net savings that would be achieved from the implementation of this program is approximately \$5,000,000 per year, among which the General Fund portion is estimated at \$4,625,000. Projected savings for Fiscal Year 2011-12 is \$1,100,000, of which, approximately \$1,035,000 would be attributable to the General Fund.

Required Supplementary Information

Required Supplementary Information consists of the following:

- Budgetary Information
- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedules – Major Special Revenue Funds
- General Fund Expenditure Control Budget (ECB) Reserves
- Modified Approach for City Streets Infrastructure Capital Assets
- Other Post-Employment Benefits (OPEB) Plan Funding Progress
- Pension Plan Funding Progress



CITY OF CORONA

Required Supplementary Information

June 30, 2011

BUDGETARY INFORMATION

Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The Annual Budget assures the efficient and effective uses of the City's economic resources, as well as establishing that the highest priority objectives are accomplished.

An annual budget serves a fiscal period from July 1 to June 30, and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees and other public agencies. Additionally, it establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the City's performance.

The City's annual budget is prepared and based on four expenditure categories; personnel, supplies and services, minor capital outlay and capital improvement programs. The first three listed are considered operational in nature and known as *recurring costs*. Capital improvement projects are asset acquisitions, facilities, systems, and infrastructure improvements typically over \$50,000, and/or items "outside" of the normal operational budget. These are known as *one-time costs*.

The City collects and records revenue and expenditures within the following categories:

- Governmental activities
- Business-type activities

The governmental funds include the General Fund, special revenue, debt service and capital projects funds. All funding sources are kept separate for both reporting and use of the money. The General Fund is where most City services are funded that are not required to be segregated. Corona follows the General Fund Expenditure Control Budget, or ECB, guidelines as outlined in the budget resolution.

The budget process begins as a team effort in January of each year, starting with an annual strategic planning meeting. Then the individual departments use projected revenue assumptions to prioritize and recommend the next fiscal year's objectives. The City Manager's Office and the Finance Department review all budget proposals and revenue assumptions, as well as all current financial obligations before preparing the document that is proposed to the City Council. The City Council reviews the Proposed Budget through a series of committees and workshops and the final adoption of the budget is scheduled for the second City Council meeting in June.

CITY OF CORONA

Required Supplementary Information

June 30, 2011

Budgets and Budgetary Accounting

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Before the beginning of the fiscal year the City Manager submits to the City Council a proposed budget for the year commencing July 1.
2. A public meeting is conducted to obtain taxpayer comments.
3. The budget is subsequently adopted through passage of a resolution and is not included herein but is published separately.
4. All appropriations are as originally adopted or as amended by the City Council and all unencumbered budgeted amounts lapse at year-end, except in the General Fund where an expenditure control budget policy may allow departments to carryover a portion of the unexpended amounts into the next fiscal year.
5. Continuing appropriations are re-budgeted by the City Council as part of the adoption of subsequent year's budgets.
6. Legally adopted budget appropriations are set for the General Fund, special revenue, debt service and capital projects funds.
7. The legal level of budgetary control is at the department level. A Department Director may transfer appropriations within the department. Expenditures may exceed appropriations at this level in the General Fund to the extent provided for in the annual budget resolution adopted by the City Council. The City Council, by the affirmative vote of three members, may amend the budget to add or delete appropriations, transfer between appropriations within a fund or change appropriation transfers between funds.
8. Budgets for General Fund, special revenue, debt service and capital projects funds are adopted on a basis consistent with generally accepted accounting principles.

The budget for Fiscal Year 2010-11 was the seventeenth year that the budget was prepared in accordance with the ECB policies adopted by the City Council for the General Fund. Departments are given increased flexibility and incentives for meeting their goals as well as being assigned greater accountability for their performance in carrying out their mission.

For Fiscal Year 2010-11, total ECB savings amount including carryover was \$2,254,773. This amount was included in the committed fund balance in the General Fund as of June 30, 2011. A list of ECB savings by department is presented on the following page.

CITY OF CORONA

Required Supplementary Information
June 30, 2011

<u>Department</u>	<u>Total ECB Savings</u>
City Council	\$ 3,575
Management Services	50,783
Human Resources	33,327
Information Technology	116,545
General Government	22,429
Finance	67,497
Community Development	140,421
Police	755,620
Public Works	297,485
Library	193,500
Parks and Community Services	573,591
Total	<u><u>\$ 2,254,773</u></u>

Budgetary comparisons for the City’s General Fund and all major special revenue funds are presented on the following pages.

Major discrepancies between original budget and final budget are explained as follows:

General Fund

The original General Fund budget of \$119.3 million was increased by \$4.2 million for continuing appropriations of previous year’s uncompleted capital projects and \$0.8 million in committed purchase orders that were carried over into the current fiscal year, bringing the beginning budget to \$124.3 million. During the fiscal year, major budgetary changes included a \$1.8 million reduction in the capital projects and motor pool appropriations, and an increase of \$0.8 million of ECB budget savings approved for various department. Additional changes were approved throughout the year to accommodate accounting changes, health cost increases, labor agreement and contract updates. Overall General Fund’s final budget had a net budgetary reduction of \$1.2 million from the beginning budget.

Development Special Revenue Fund

Continuing appropriations of \$9.6 million and \$0.7 million in committed purchase orders were carried forward from the prior year for various capital projects resulting in a final budget of \$11.8 million.

Redevelopment Special Revenue Fund

A decrease in the final budget resulted from a \$3.2 million reduction of various capital projects. While there was a carry over of \$5.1 million in continuing appropriations from the prior year for various capital projects, the City reduced its existing capital project budget during the current fiscal year.

CITY OF CORONA

Required Supplementary Information

June 30, 2011

Major discrepancies between final budget and actual expenditures are explained as follows:

General Fund

Total revenues for the General Fund were \$7.3 million higher than the final budget. Property and sales and use taxes were slightly higher as the economy began to improve. The intergovernmental revenue had a favorable variance of \$1.5 million for the fiscal year ended June 30, 2011, due to a new agreement with a local agency and receipt of new grant money. Other revenue also had a favorable variance of \$4.1 million, a direct result of the catch-up lease payments made by the Corona Utility Authority during the current fiscal year.

Actual expenditures had a favorable variance of \$7.6 million. This variance is largely comprised of the following: \$2.3 million in unspent capital outlay appropriations, \$2.5 million from Public Works, \$1.8 million from General Government, and \$0.9 from Police.

Development Special Revenue Funds

Actual revenue received for the fiscal year ended June 30, 2011 was \$0.2 million lower than the final budgeted amount, primarily due to the continued slow down in development activities, as well as the decreased investment revenues.

On the other hand, total expenditures ended with a favorable budgetary variance of \$9.1 million, a result of the unspent capital outlay budget directly connected to the slower pace of development.

Redevelopment Special Revenue Fund

Revenues for the fiscal year ended June 30, 2011 were \$0.6 million lower than the final budgeted amount. This was caused by a combination of lowered tax increment revenue and investment income.

Expenditures were \$0.9 million lower than the final budgeted amount as a result of the slow down in redevelopment activities.

CITY OF CORONA

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June 30, 2011

**Budgetary Comparison Schedule – General Fund
For Fiscal Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ 33,039,510	\$ 33,039,510	\$ 33,892,315	\$ 852,805
Other Taxes	35,210,790	35,210,790	35,900,324	689,534
Licenses, Fees, and Permits	1,169,222	1,169,222	1,314,969	145,747
Fines and Penalties	1,937,350	1,937,350	2,015,054	77,704
Investment Earnings	3,291,661	3,291,661	2,422,646	(869,015)
Intergovernmental Revenue	352,046	352,046	1,885,404	1,533,358
Current Services	11,991,135	11,991,135	13,447,519	1,456,384
Other Revenue	10,205,494	10,205,494	14,281,175	4,075,681
Payments in Lieu of Services	10,298,789	10,237,983	9,597,413	(640,570)
Total Revenues	<u>107,495,997</u>	<u>107,435,191</u>	<u>114,756,819</u>	<u>7,321,628</u>
Expenditures:				
General Government:				
City Council	139,659	153,724	137,938	15,786
Management Services	1,379,649	1,417,290	1,273,893	143,397
City Treasurer	15,412	15,412	13,841	1,571
Human Resources	1,926,332	2,198,841	1,622,516	576,325
Information Technology	1,839,752	2,548,257	2,548,257	-
Finance	3,434,455	3,466,152	3,440,914	25,238
Community Development	2,826,445	3,214,605	3,166,248	48,357
Public Safety:				
Fire	21,501,030	23,054,512	23,054,512	-
Police	41,001,592	39,794,828	38,878,161	916,667
Public Works	18,264,130	18,648,114	16,101,825	2,546,289
Culture and Recreation:				
Library	2,128,398	2,646,613	2,646,613	-
Parks and Community Services	6,845,400	6,864,326	6,801,409	62,917
Non-Departmental:				
General Government	10,213,205	11,811,418	10,839,047	972,371
Debt Service - Principal and Interest	4,691,801	4,692,371	4,684,898	7,473
Capital Outlay	3,067,318	2,533,681	239,679	2,294,002
Total Expenditures	<u>119,274,578</u>	<u>123,060,144</u>	<u>115,449,751</u>	<u>7,610,393</u>
Deficiency of Revenues Under Expenditures	(11,778,581)	(15,624,953)	(692,932)	14,932,021
Other Financing Sources (Uses):				
Transfers from Other Funds	6,618,015	12,277,015	8,291,508	(3,985,507)
Transfers to Other funds	4,442,891	6,332,606	1,725,233	4,607,373
Total other financing sources	<u>2,175,124</u>	<u>5,944,409</u>	<u>6,566,275</u>	<u>621,866</u>
Net Change in Fund Balances	<u>\$ (9,603,457)</u>	<u>\$ (9,680,544)</u>	5,873,343	<u>\$ 15,553,887</u>
Fund Balance - Beginning			77,645,238	
Fund Balance - Ending			<u>\$ 83,518,581</u>	

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Required Supplementary Information
June 30, 2011

**Budgetary Comparison Schedule – Development Special Revenue Fund
For Fiscal Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses, Fees and Permits	\$ 317,040	\$ 317,040	\$ 458,105	\$ 141,065
Investment Earnings	514,478	514,478	273,386	(241,092)
Other Revenues	2,580	2,580	2,651	71
Payments in Lieu of Services	218,880	218,880	84,480	(134,400)
Total Revenues	<u>1,052,978</u>	<u>1,052,978</u>	<u>818,622</u>	<u>(234,356)</u>
Expenditures:				
Public Safety:				
Fire	73	13,839	13,839	-
Police		122,851	122,851	-
Public Works	52,019	207,548	207,548	-
Culture and Recreation:				
Library		8,727	8,727	-
Non-Departmental:				
Debt Service - Principal and Interest	1,001,215	1,001,215	1,001,215	-
Capital Outlay	2,288,572	10,476,715	1,344,240	9,132,475
Total Expenditures	<u>3,341,879</u>	<u>11,830,895</u>	<u>2,698,420</u>	<u>9,132,475</u>
Excess (deficit) revenue over expenditures	(2,288,901)	(10,777,917)	(1,879,798)	8,898,119
Other Financing Sources (Uses):				
Transfers from other Funds		-	14	14
Transfers to other funds	14,190	14,190	-	14,190
Total other financing sources (uses)	<u>(14,190)</u>	<u>(14,190)</u>	<u>14</u>	<u>14,204</u>
Net Change in Fund Balances	<u>\$ (2,303,091)</u>	<u>\$ (10,792,107)</u>	<u>(1,879,784)</u>	<u>\$ 8,912,323</u>
Fund Balance - Beginning			<u>6,347,920</u>	
Fund Balance - Ending			<u>\$ 4,468,136</u>	

CITY OF CORONA

Required Supplementary Information
June 30, 2011

**Budgetary Comparison Schedule – Redevelopment Special Revenue Fund
For Fiscal Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ 5,169,273	\$ 5,169,273	\$ 5,039,729	\$ (129,544)
Investment Earnings	445,165	445,165	(54,731)	(499,896)
Other Revenues	392,575	392,575	368,031	(24,544)
Total Revenues	<u>6,007,013</u>	<u>6,007,013</u>	<u>5,353,029</u>	<u>(653,984)</u>
Expenditures:				
Redevelopment	1,008,895	3,101,633	3,009,001	92,632
Non-Departmental:				
Debt Service - Principal and Interest	806,317	806,317	780,922	25,395
Capital Outlay	948,000	815,440	-	815,440
Total Expenditures	<u>2,763,212</u>	<u>4,723,390</u>	<u>3,789,923</u>	<u>933,467</u>
Excess (deficit) revenue over expenditures	3,243,801	1,283,623	1,563,106	279,483
Other Financing Sources (Uses):				
Transfers from other Funds		-	-	-
Transfers to other funds			12,400,327	(12,400,327)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(12,400,327)</u>	<u>(12,400,327)</u>
Net Change in Fund Balances	<u>\$ 3,243,801</u>	<u>\$ 1,283,623</u>	<u>(10,837,221)</u>	<u>\$ (12,120,844)</u>
Fund Balance - Beginning			<u>12,544,395</u>	
Fund Balance - Ending			<u>\$ 1,707,174</u>	

CITY OF CORONA

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June 30, 2011

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. The City defines infrastructure as the basic physical assets including the street system; water purification and distribution system; water reclamation collection and treatment system; park and recreation lands and improvement system; storm water conveyance system; and buildings combined with site amenities such as parking and landscaped areas used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be divided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

The City has elected to use the “modified approach” as defined by GASB Statement No. 34 for infrastructure reporting for its Streets Pavement System. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) condition assessments and summary of results using a measurement scale; and (3) estimation of annual amount needed to maintain and preserve the assets at the established condition assessment level.
- The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

The City commissioned a study to update the physical condition assessment of the streets in October 2011 and a final report is expected to be completed by March 2012. The prior assessment study was completed in November 2009. The streets, primarily concrete and asphalt pavements were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. City owned streets are classified based on land use, access and traffic utilization into the following four classifications: arterial/major, secondary, collector and local. This condition assessment will be performed every three years. Each street was assigned a physical condition based on 17 potential defects. A Pavement Condition Index (PCI), a nationally recognized index, was assigned to each street and expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned the physical characteristics of a new street. The following conditions were defined:

<u>Condition</u>	<u>Rating</u>
Excellent	86-100
Very Good	71-85
Good	56-70
Fair	41-55
Poor	26-40
Very Poor	11-25
Distressed	0-10

CITY OF CORONA

Required Supplementary Information
June 30, 2011

The City Policy is to achieve an average rating of 70 for all streets, which is a good rating. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. As of June 30, 2011, the City's street system was rated at a PCI index of 81 on the average with the detail condition as follows:

<u>Condition</u>	<u>% of Streets</u>
Excellent to Good	86%
Fair	3%
Poor to Distressed	11%

The City's streets are constantly deteriorating resulting from the following four factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to arrest the deterioration through short-term maintenance activities such as pothole patching, street sweeping, and sidewalk repair. The City expended \$4,675,239 on street maintenance for the fiscal year ended June 30, 2011. These expenditures not only delayed deterioration, but also slightly increased the condition of the streets from the average rating of 79 in the prior year to 81 in the current year. The City has estimated that the amount of annual expenditures required to maintain the City's streets at the average PCI rating of 81 through the year 2019 is a minimum of \$6,800,000. A schedule of the estimated annual amount required to maintain and preserve its streets at the current level compared to actual expenditures for street maintenance for the last five years is presented below:

<u>Fiscal Year</u>	<u>Maintenance Requirement</u>	<u>Actual Expenditures</u>	<u>PCI Rating</u>
2006-07	\$ 9,700,000	\$ 7,366,894	70
2007-08	9,500,000	9,498,837	75
2008-09	6,800,000	5,794,148	79
2009-10	6,800,000	5,224,027	79
2010-11	6,800,000	4,675,239	81

The City also has an on-going street rehabilitation program funded in the Capital Improvement Program that is intended to improve the condition rating of City streets. The rehabilitation program is formulated based on deficiencies identified as a part of its Pavement Management System (PMS). As of June 30, 2011, approximately 14% of the City's streets were rated below the average standard of 70. This represents a decrease over the 2007 assessment when the City had 19% of its streets rated below 70. The City will continue to rehabilitate these segments of the streets. Total deficiencies identified in the PMS amounted to approximately \$69.3 million for all streets over the next ten years, with \$26.3 in deficiencies on street segments rated below the PCI of 70. The March 2012 assessment will adjust these amounts to reflect the work completed during the past two years. The City does not anticipate these values to be significantly changed.

CITY OF CORONA

Required Supplementary Information
June 30, 2011

OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN FUNDING PROGRESS

A schedule of funding progress including the past two actuarial valuations is presented below:

Schedule of Funding Progress - Other Post-Employment Benefit Plan

Actuarial Valuation Date	Actuarial Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded Actuarial Liability (UAAL) (A) - (B)	Funded Ratio (B) / (A)	Annual Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((A - B) / C)
07/01/2008	\$ 104,627,000	\$ 3,561,000	\$ 101,066,000	3.4%	\$ 55,005,000	183.7%
07/01/2009	101,811,000	6,796,000	95,015,000	6.7%	49,298,000	192.7%
07/01/2010	106,454,000	9,840,000	96,614,000	9.2%	50,900,185	189.8%

The City implemented GASB 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions during the fiscal year ended June 30, 2008. The most recent actuarial valuation for the City's other post employment benefits (OPEB) plan was obtained as of June 30, 2011.

For information regarding actuarial assumptions and amortization methods, see Note 14.

PENSION BENEFITS PLAN FUNDING PROGRESS

A schedule of funding progress including the past three actuarial valuations is presented below:

Schedule of Fund Progress - Pension Benefits Plan

	Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (A)	Actuarial Value of Assets (B)	Unfunded Actuarial Liability (UAAL) (A) - (B)	Funded Ratio (B) / (A)	Annual Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((A - B) / C)
Miscellaneous Employees Group	06/30/08	\$ 206,180,050	\$ 146,662,394	\$ 59,517,656	71.1%	\$ 35,994,622	165.4%
	06/30/09	217,616,331	156,236,949	61,379,382	71.8%	30,576,507	200.7%
	06/30/10	239,840,884	165,107,463	74,733,421	68.8%	30,614,756	244.1%
Police Safety Employees Group	06/30/08	\$ 114,123,386	\$ 87,823,890	\$ 26,299,496	77.0%	\$ 15,980,585	164.6%
	06/30/09	127,759,493	95,340,649	32,418,844	74.6%	16,432,919	197.3%
	06/30/10	138,322,555	103,602,154	34,720,401	74.9%	17,236,508	201.4%

Supplementary Information

Supplementary Information consists of the following:

- Combining Balance Sheet – Nonmajor Governmental Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
- Combining Statement of Net Assets – Nonmajor Enterprise Funds
- Combining Statement of Revenue, Expenses, and Changes in Net Assets – Nonmajor Enterprise Funds
- Combining Statement of Cash Flows – Nonmajor Enterprise Funds
- Combining Statement of Net Assets – Internal Service Funds
- Combining Statement of Revenue, Expenses, and Changes in Net Assets – Internal Service Funds
- Combining Statement of Cash Flows – Internal Service Funds
- Fiduciary Funds Combining Statement of Changes in Assets and Liabilities



Nonmajor Governmental Funds

Special Revenue Funds

Gas Tax Fund – This fund is used to account for receipts and expenditures of money apportioned under Street and Highway Code Section 2105, 2106, 2107 and 2107.5 of the State of California.

Measure A Fund – This fund is used to account for money generated by a half percent sales tax approved by the voters in 1989. This money is used to maintain and construct local streets and roads.

Trip Reduction Fund – This fund is used to account for allocations made by AB2766 known as the Clean Air Act. The money is used to provide means and incentives for ridesharing in order to reduce traffic and air pollution.

Asset Forfeiture Fund – This fund is used to account for asset seizures and forfeitures resulting from police investigations and court decisions.

Special Tax District Fund – This fund is used to account for revenues derived from annual assessments which are used to pay the cost incurred by the City for landscape maintenance, street light maintenance, and the City's Business Improvement District.

Other Grants and Endowments Fund – This fund is used to account for receipts and expenditures of money received from various governmental grants and various library endowments.

Debt Service Funds

General Obligation Fund – This fund is used to account for tax levies from which general obligation principal and interest payments are made as they mature for the 1995 General Obligation Bonds.

Assessment Districts Fund – This fund is used to account for assessment collections and payments for principal and interest and providing reserves related to Assessment District Bonds.

Public Financing Authority Fund – This fund is used to account for debt service transactions including revenue collections and payments of principal and interest on long-term obligations of the component unit.

Combining Financial Statements Nonmajor Governmental Funds

Capital Project Funds

Public Facility Project Fund – This fund is used to account for transactions related to proceeds from debt and other resources and their use to acquire and construct certain capital facilities.

HUD Grants Fund – This fund is used to account for grants from the Department of Housing and Urban Development (HUD) and expenditures for the block grant programs as approved by the City Council.

Planned Local Drainage Fund – This fund is used to account for storm water drainage fees from developers as a result of City ordinance 1279. The money is used to construct water drainage facilities within a drainage area.

Other Grants Fund – This fund is used to account for receipts and expenditures of money received from various governmental grants.



CITY OF CORONA

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011**

	Special Revenue					Other Grants & Endowments
	Gas Tax	Measure A	Trip Reduction	Asset Forfeiture	Special Tax Districts	
Assets:						
Cash and Investments	\$ 1,660,014	\$ 6,670,554	\$ 255,913	\$ 666,162	\$ 10,157,027	\$ 673,923
Accounts Receivable, Net		6,911				2,010
Interest Receivable	8,810	35,607	1,352	3,520	53,679	3,561
Due from Other Governmental Agencies	446,046	480,693	36,290		410,242	112,057
Long-term Receivable						
Loans Receivable						
Restricted Assets:						
Cash and Investments	7,096	67,049			349,583	
Total Assets	\$ 2,121,966	\$ 7,260,814	\$ 293,555	\$ 669,682	\$ 10,970,531	\$ 791,551
Liabilities and Fund Balances:						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ 76,913	\$ 151,938	\$ 2,005	\$ 1,685	\$ 399,657	\$ 28,997
Due to Other Funds						39,126
Deferred Revenues				17,015		170,327
Interfund Advances Payable					374,171	
Liabilities Payable from Restricted Assets	7,096	67,049			1,063	
Total Liabilities	84,009	218,987	2,005	18,700	774,891	238,450
Fund Balances:						
Restricted	2,037,957	7,041,827	291,550	650,982	349,583	553,101
Assigned					9,846,057	
Total Fund Balances	2,037,957	7,041,827	291,550	650,982	10,195,640	553,101
Total Liabilities and Fund Balances	\$ 2,121,966	\$ 7,260,814	\$ 293,555	\$ 669,682	\$ 10,970,531	\$ 791,551

General Obligation	Debt Service		Capital Projects				Total Other Governmental Funds
	Assessment Districts	Public Financing Authority	Public Facility Project	HUD Grants	Planned Local Drainage	Other Grants	
\$ -	\$ 478,209	\$ -	\$ 1,156,430	\$ 446,761	\$ -	\$ 262,467	\$ 22,427,460
	2,506	44,355	62			14,562	8,983
	25,051		2,458,803	197,004	194,500	4,852,362	167,952
	1,025,000			1,630,019			9,213,048
							1,025,000
							1,630,019
	89,707	4,850,600				196,936	5,560,971
	<u>\$ 1,620,473</u>	<u>\$ 4,894,955</u>	<u>\$ 3,615,295</u>	<u>\$ 2,273,784</u>	<u>\$ 194,500</u>	<u>\$ 5,326,327</u>	<u>\$ 40,033,433</u>
\$ -	\$ -	\$ -	\$ 41,168	\$ 84,529	\$ 24,827	\$ 87,766	\$ 899,485
			2,416,413	120,601	65,647	1,895,934	4,537,721
	1,025,000		62	1,659,854		592,401	3,464,659
				4,242		196,936	374,171
							276,386
-	1,025,000	-	2,457,643	1,869,226	90,474	2,773,037	9,552,422
	595,473	4,850,600		404,558		2,553,290	19,328,921
		44,355	1,157,652		104,026		11,152,090
-	595,473	4,894,955	1,157,652	404,558	104,026	2,553,290	30,481,011
<u>\$ -</u>	<u>\$ 1,620,473</u>	<u>\$ 4,894,955</u>	<u>\$ 3,615,295</u>	<u>\$ 2,273,784</u>	<u>\$ 194,500</u>	<u>\$ 5,326,327</u>	<u>\$ 40,033,433</u>

CITY OF CORONA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011**

	Special Revenue					Other Grants & Endowments
	Gas Tax	Measure A	Trip Reduction	Asset Forfeiture	Special Tax Districts	
Revenues:						
Licenses, Fees and Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, Penalties and Forfeitures				153,766		
Special Assessments					9,266,342	
Investment Earnings	32,193	190,843	6,961	11,535	159,043	(24,141)
Intergovernmental Revenues	3,730,569	2,961,488	165,358			420,277
Current Services					13,850	263,420
Other Revenues	18,566	2,145			166,628	
Total Revenues	3,781,328	3,154,476	172,319	165,301	9,605,863	659,556
Expenditures:						
Current:						
General Government	544	544			435	
Police				50,472		392,811
Public Works	1,547,380	3,018,934	267,196		3,055,802	
Parks and Community Services					5,304,255	
Redevelopment					73,848	
Library						31,913
Capital Outlay	52,470	1,098,150			585	187,447
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges					6,214	
Total Expenditures	1,600,394	4,117,628	267,196	50,472	8,441,139	612,171
Excess of Revenues Over (Under) Expenditures	2,180,934	(963,152)	(94,877)	114,829	1,164,724	47,385
Other Financing Sources (Uses):						
Transfers In					59,874	
Transfers Out	(1,045,704)	(218,159)				
Total Other Financing Sources (Uses)	(1,045,704)	(218,159)	-	-	59,874	-
Net Change in Fund Balances	1,135,230	(1,181,311)	(94,877)	114,829	1,224,598	47,385
Fund Balances - Beginning, As Restated	902,727	8,223,138	386,427	536,153	8,971,042	505,716
Fund Balances - Ending	\$ 2,037,957	\$ 7,041,827	\$ 291,550	\$ 650,982	\$ 10,195,640	\$ 553,101

General Obligation	Debt Service		Capital Projects				Total Other Governmental Funds
	Assessment Districts	Public Financing Authority	Public Facility Project	HUD Grants	Planned Local Drainage	Other Grants	
			\$ -	\$ -	\$ 414,392	\$ -	414,392
	379,342						153,766
11,891	(3,256)	125,958				49,477	9,645,684
			2,357,438	2,006,226		3,613,417	560,504
		85	525	2,344	437,680	939,674	15,254,773
11,891	376,086	126,043	2,357,963	2,008,570	852,072	4,602,568	277,270
							1,567,647
							1,523
							443,283
				282,659	837,431		9,009,402
				23,139			5,327,394
				1,370,148			1,443,996
				6,900		39	38,852
			2,565,039	325,724		5,274,234	9,503,649
	410,000						410,000
	131,136	125,942					263,292
-	541,136	125,942	2,565,039	2,008,570	837,431	5,274,273	26,441,391
11,891	(165,050)	101	(207,076)	-	14,641	(671,705)	1,432,645
(630,484)			(3,800,000)			218,159	278,033
(630,484)	-	-	(3,800,000)	-	-	218,159	(5,694,347)
(618,593)	(165,050)	101	(4,007,076)		14,641	(453,546)	(3,983,669)
618,593	760,523	4,894,854	5,164,728	404,558	89,385	3,006,836	34,464,680
\$ -	\$ 595,473	\$ 4,894,955	\$ 1,157,652	\$ 404,558	\$ 104,026	\$ 2,553,290	\$ 30,481,011



Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actuals

The Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual consists of the following:

- Nonmajor Special Revenue Funds
- Debt Service Funds
- Capital Project Funds

CITY OF CORONA

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2011**

	Gas Tax			Measure A		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Fines, Penalties and Forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments						
Investment Earnings	63,496	32,193	(31,303)	263,044	190,843	(72,201)
Intergovernmental Revenues	3,776,428	3,730,569	(45,859)	2,468,000	2,961,488	493,488
Current Services						
Other Revenues	22,581	18,566	(4,015)		2,145	2,145
Total Revenues	3,862,505	3,781,328	(81,177)	2,731,044	3,154,476	423,432
Expenditures:						
Current:						
General Government		544	(544)		544	(544)
Public Works	1,131,863	1,547,380	(415,517)	29,785	3,018,934	(2,989,149)
Parks and Community Services						
Police						
Redevelopment						
Library						
Capital Outlay	1,875,955	52,470	1,823,485	10,476,899	1,098,150	9,378,749
Debt Service:						
Interest and Fiscal Charges						
Total Expenditures	3,007,818	1,600,394	1,407,424	10,506,684	4,117,628	6,389,056
Excess of Revenues Over (Under) Expenditures	854,687	2,180,934	1,326,247	(7,775,640)	(963,152)	6,812,488
Other Financing Sources (Uses):						
Transfers In						
Transfers Out	(1,060,299)	(1,045,704)	14,595	(218,158)	(218,159)	(1)
Total Other Financing Sources (Uses)	(1,060,299)	(1,045,704)	14,595	(218,158)	(218,159)	(1)
Net Change in Fund Balances	\$ (205,612)	1,135,230	\$ 1,340,842	\$ (7,993,798)	(1,181,311)	\$ 6,812,487
Fund Balances - Beginning, as Restated		902,727			8,223,138	
Fund Balances-Ending		\$ 2,037,957			\$ 7,041,827	

Trip Reduction			Asset Forfeiture			Special Tax Districts		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ 25,000	\$ 153,766	\$ 128,766	\$ -	\$ -	\$ -
8,130	6,961	(1,169)	23,086	11,535	(11,551)	8,108,894	9,266,342	1,157,448
175,000	165,358	(9,642)				179,937	159,043	(20,894)
						11,820	13,850	2,030
						41,217	166,628	125,411
<u>183,130</u>	<u>172,319</u>	<u>(10,811)</u>	<u>48,086</u>	<u>165,301</u>	<u>117,215</u>	<u>8,341,868</u>	<u>9,605,863</u>	<u>1,263,995</u>
							435	(435)
297,861	267,196	30,665				3,318,447	3,055,802	262,645
			168,997	50,472	118,525	5,297,188	5,304,255	(7,067)
						5,000	73,848	(68,848)
50,000		50,000				985,455	585	984,870
						6,215	6,214	1
<u>347,861</u>	<u>267,196</u>	<u>80,665</u>	<u>168,997</u>	<u>50,472</u>	<u>118,525</u>	<u>9,612,305</u>	<u>8,441,139</u>	<u>1,171,166</u>
<u>(164,731)</u>	<u>(94,877)</u>	<u>69,854</u>	<u>(120,911)</u>	<u>114,829</u>	<u>235,740</u>	<u>(1,270,437)</u>	<u>1,164,724</u>	<u>2,435,161</u>
						540,400	59,874	(480,526)
						540,400	59,874	(480,526)
<u>\$ (164,731)</u>	<u>(94,877)</u>	<u>\$ 69,854</u>	<u>\$ (120,911)</u>	<u>114,829</u>	<u>\$ 235,740</u>	<u>\$ (730,037)</u>	<u>1,224,598</u>	<u>\$ 1,954,635</u>
	386,427			536,153			8,971,042	
	<u>\$ 291,550</u>			<u>\$ 650,982</u>			<u>\$10,195,640</u>	

Continued Page 1 of 2

CITY OF CORONA**Combining Schedule of Revenues, Expenditures and
Nonmajor Special Revenue Funds
Year Ended June 30, 2011**

	Other Grants & Endowments			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Fines, Penalties and Forfeitures	\$ -	\$ -	\$ -	\$ 25,000	\$ 153,766	\$ 128,766
Special Assessments				8,108,894	9,266,342	1,157,448
Investment Earnings	24,266	(24,141)	(48,407)	561,959	376,434	(185,525)
Intergovernmental Revenues	988,517	420,277	(568,240)	7,407,945	7,277,692	(130,253)
Current Services	280,000	263,420	(16,580)	291,820	277,270	(14,550)
Other Revenues				63,798	187,339	123,541
Total Revenues	1,292,783	659,556	(633,227)	16,459,416	17,538,843	1,079,427
Expenditures:						
Current:						
General Government				-	1,523	(1,523)
Public Works				4,777,956	7,889,312	(3,111,356)
Parks and Community Services				5,297,188	5,304,255	(7,067)
Police	863,875	392,811	471,064	1,032,872	443,283	589,589
Redevelopment				5,000	73,848	(68,848)
Library	31,934	31,913	21	31,934	31,913	21
Capital Outlay	949,512	187,447	762,065	14,337,821	1,338,652	12,999,169
Debt Service:						
Interest and Fiscal Charges				6,215	6,214	1
Total Expenditures	1,845,321	612,171	1,233,150	25,488,986	15,089,000	10,399,986
Excess of Revenues Over (Under) Expenditures	<u>(552,538)</u>	<u>47,385</u>	<u>599,923</u>	<u>(9,029,570)</u>	<u>2,449,843</u>	<u>11,479,413</u>
Other Financing Sources (Uses):						
Transfers In				540,400	59,874	(480,526)
Transfers Out				(1,278,457)	(1,263,863)	14,594
Total Other Financing Sources (Uses)	-	-	-	(738,057)	(1,203,989)	(465,932)
Net Change in Fund Balances	\$ (552,538)	47,385	\$ 599,923	\$ (9,767,627)	1,245,854	\$ 11,013,481
Fund Balances - Beginning, as Restated		505,716			19,525,203	
Fund Balances-Ending		<u>\$ 553,101</u>			<u>\$ 20,771,057</u>	

Concluded Page 2 of 2



CITY OF CORONA**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Debt Service Funds
Year Ended June 30, 2011**

	General Obligation			Redevelopment		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Property Taxes	\$ -	\$ -	\$ -	\$ 20,677,095	\$ 20,158,916	\$ (518,179)
Special Assessments						
Investment Earnings		11,891	11,891	329,975	31,958	(298,017)
Other Revenues						
Total Revenues	-	11,891	11,891	21,007,070	20,190,874	(816,196)
Expenditures:						
Current:						
Redevelopment					2,014,408	(2,014,408)
Capital Outlay				4,042,619		4,042,619
Debt Service:						
Principal Retirement				2,870,834	2,870,834	
Interest and Fiscal Charges				11,803,113	11,123,986	679,127
Total Expenditures	-	-	-	18,716,566	16,009,228	2,707,338
Excess of Revenues Over (Under) Expenditures	-	11,891	11,891	2,290,504	4,181,646	1,891,142
Other Financing Sources (Uses):						
Transfers In					295,988	295,988
Transfers Out		(630,484)	(630,484)	(250,000)		250,000
Total Other Financing Sources (Uses)	-	(630,484)	(630,484)	(250,000)	295,988	545,988
Net Change in Fund Balances	\$ -	(618,593)	\$ (618,593)	\$ 2,040,504	4,477,634	\$ 2,437,130
Fund Balances - Beginning of Year, As Restated		618,593			805,933	
Fund Balances-End of Year		\$ -			\$ 5,283,567	

Assessment Districts			Public Financing Authority			Totals		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,677,095	\$ 20,158,916	\$ (518,179)
419,522	379,342	(40,180)				419,522	379,342	(40,180)
7,095	(3,256)	(10,351)	125,000	125,958	958	462,070	166,551	(295,519)
				85	85		85	85
<u>426,617</u>	<u>376,086</u>	<u>(50,531)</u>	<u>125,000</u>	<u>126,043</u>	<u>1,043</u>	<u>21,558,687</u>	<u>20,704,894</u>	<u>(853,793)</u>
							2,014,408	(2,014,408)
						4,042,619		4,042,619
410,000	410,000					3,280,834	3,280,834	
133,284	131,136	2,148	124,003	125,942	(1,939)	12,060,400	11,381,064	679,336
<u>543,284</u>	<u>541,136</u>	<u>2,148</u>	<u>124,003</u>	<u>125,942</u>	<u>(1,939)</u>	<u>19,383,853</u>	<u>16,676,306</u>	<u>2,707,547</u>
<u>(116,667)</u>	<u>(165,050)</u>	<u>(48,383)</u>	<u>997</u>	<u>101</u>	<u>(896)</u>	<u>2,174,834</u>	<u>4,028,588</u>	<u>1,853,754</u>
							295,988	295,988
						(250,000)	(630,484)	(380,484)
						(250,000)	(334,496)	(84,496)
<u>\$ (116,667)</u>	<u>(165,050)</u>	<u>\$ (48,383)</u>	<u>\$ 997</u>	<u>101</u>	<u>\$ (896)</u>	<u>\$ 1,924,834</u>	<u>\$ 3,694,092</u>	<u>\$ 1,769,258</u>
	<u>760,523</u>			<u>4,894,854</u>			<u>7,079,903</u>	
	<u>\$ 595,473</u>			<u>\$ 4,894,955</u>			<u>\$ 10,773,995</u>	

CITY OF CORONA**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Projects Funds
Year Ended June 30, 2011**

	<u>Redevelopment</u>			<u>Corona Housing Authority</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:						
Licenses, Fees & Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	307,111	146,405	(160,706)			
Intergovernmental Revenues						
Other Revenues	426,210	613,932	187,722			
Total Revenues	733,321	760,337	27,016	-	-	-
Expenditures:						
Current:						
Redevelopment	3,897,190	4,475,578	(578,388)			
General Government	409,885	420,973	(11,088)			
Community Development	129,027	129,310	(283)			
Police	79,895	78,882	1,013			
Public Works	132,805	124,642	8,163			
Library						
Parks and Community Services						
Capital Outlay	3,150,516	1,850	3,148,666			
Debt Service:						
Principal Retirement	1,205,000	1,042,668	162,332			
Interest and Fiscal Charges		157,332	(157,332)			
Total Expenditures	9,004,318	6,431,235	2,573,083	-	-	-
Excess of Revenues Over (Under) Expenditures	(8,270,997)	(5,670,898)	2,600,099	-	-	-
Other Financing Sources (Uses):						
Transfers In	1,495,000	1,409,357	(85,643)		69,254,557	69,254,557
Transfers Out		(56,854,230)	(56,854,230)			
Total Other Financing Sources (Uses)	1,495,000	(55,444,873)	(56,939,873)		69,254,557	69,254,557
Net Change in Fund Balances	\$ (6,775,997)	(61,115,771)	\$ (54,339,774)	\$ -	69,254,557	\$ 69,254,557
Fund Balance - Beginning, as Restated		71,843,795				
Fund Balances-End of Year		\$ 10,728,024			\$ 69,254,557	

Public Facility Project			HUD Grants			Planned Local Drainage		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 473,650	\$ 414,392	\$ (59,258)
8,550,000	2,357,438	(6,192,562)	2,713,266	2,006,226	(707,040)			
	525	525		2,344	2,344	344,110	437,680	93,570
8,550,000	2,357,963	(6,192,037)	2,713,266	2,008,570	(704,696)	817,760	852,072	34,312
			208,628	1,370,148	(1,161,520)			
				282,659	(282,659)	946,794	837,431	109,363
				6,900	(6,900)			
				23,139	(23,139)			
21,446,832	2,565,039	(18,881,793)	3,805,127	325,724	3,479,403			
21,446,832	2,565,039	(18,881,793)	4,013,755	2,008,570	2,005,185	946,794	837,431	109,363
(12,896,832)	(207,076)	12,689,756	(1,300,489)	-	1,300,489	(129,034)	14,641	143,675
(3,800,000)	(3,800,000)							
(3,800,000)	(3,800,000)							
\$ (16,696,832)	(4,007,076)	\$ 12,689,756	\$ (1,300,489)	-	\$ 1,300,489	\$ (129,034)	14,641	\$ 143,675
	5,164,728			404,558			89,385	
	\$ 1,157,652			\$ 404,558			\$ 104,026	

Continued Page 1 of 2

CITY OF CORONA**Combining Schedule of Revenues, Expenditures and
Capital Projects Funds
Year Ended June 30, 2011**

	<u>Other Grants</u>			<u>Totals</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:						
Licenses, Fees & Permits	\$ -	\$ -	\$ -	\$ 473,650	\$ 414,392	\$ (59,258)
Investment Earnings	326	49,477	49,151	307,437	195,882	(111,555)
Intergovernmental Revenues	6,273,888	3,613,417	(2,660,471)	17,537,154	7,977,081	(9,560,073)
Miscellaneous Revenues		939,674	939,674	770,320	1,994,155	1,223,835
Total Revenues	6,274,214	4,602,568	(1,671,646)	19,088,561	10,581,510	(8,507,051)
Expenditures:						
Current:						
Redevelopment				4,105,818	5,845,726	1,739,908
General Government				409,885	420,973	11,088
Community Development				129,027	129,310	283
Police				79,895	78,882	(1,013)
Public Works				1,079,599	1,244,732	165,133
Library	59	39	20	59	6,939	6,880
Parks and Community Services					23,139	23,139
Capital Outlay	15,934,502	5,274,234	10,660,268	44,336,977	8,166,847	(36,170,130)
Debt Service:						
Principal Retirement				1,205,000	1,042,668	(162,332)
Interest and Fiscal Charges					157,332	157,332
Total Expenditures	15,934,561	5,274,273	10,660,288	51,346,260	17,116,548	(34,229,712)
Excess of Revenues Over (Under) Expenditures	<u>(9,660,347)</u>	<u>(671,705)</u>	<u>8,988,642</u>	<u>(32,257,699)</u>	<u>(6,535,038)</u>	<u>25,722,661</u>
Other Financing Sources (Uses):						
Transfers In	218,158	218,159	1	1,713,158	70,882,073	69,168,915
Transfers Out				(3,800,000)	(60,654,230)	(56,854,230)
Total Other Financing Sources (Uses)	218,158	218,159	1	(2,086,842)	10,227,843	12,314,685
Net Change in Fund Balances	<u>\$ (9,442,189)</u>	<u>(453,546)</u>	<u>\$ 8,988,643</u>	<u>\$ (34,344,541)</u>	<u>3,692,805</u>	<u>\$ 38,037,346</u>
Fund Balance - Beginning, as Restated		<u>3,006,836</u>			<u>80,509,302</u>	
Fund Balances-End of Year		<u><u>\$ 2,553,290</u></u>			<u><u>\$ 84,202,107</u></u>	

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Combining Financial Statements

Nonmajor Enterprise Funds

Public Financing Authority Fund – This fund is used to account for debt service transactions including revenue collections and payments of principal and interest on long-term obligations of the component unit.

Public Improvement Corporation Fund – This fund is used to account for debt service transactions including revenue collections and payments of principal and interest on long-term obligations.

Transit Services Fund – This fund is used to account for the operations of the City's transportation system for a fixed route and demand response service (Corona Cruiser and Dial-A-Ride) which, along with farebox revenues, receives grants from the Transportation Development Act (TDA).

Airport Fund – This fund is used to account for the operations of the City's municipal airport. The airport provides services to general aviation aircraft for recreation purposes only. It is a self supporting activity base on rental charges and state grants.



CITY OF CORONA**Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2011**

	Nonmajor Enterprise Funds				
	Public Financing Authority	Public Improvement Corporation	Transit Services	Airport	Totals
Assets:					
Current Assets					
Cash and Investments	\$ -	\$ -	\$ 576,759	\$ 48,631	\$ 625,390
Accounts Receivable, Net			54,394	230	54,624
Interest Receivable	8,930	9	4,941	257	14,137
Due from Other Governments			2,797		2,797
Restricted Assets:					
Cash and Investments	7,979,083	563,146	378,216		8,920,445
Total Current Assets	<u>7,988,013</u>	<u>563,155</u>	<u>1,017,107</u>	<u>49,118</u>	<u>9,617,393</u>
Noncurrent Assets					
Capital Assets:					
Depreciable Buildings, Property, Equipment and Infrastructure, Net			1,137,779	342,724	1,480,503
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>1,137,779</u>	<u>342,724</u>	<u>1,480,503</u>
Total Assets	<u>7,988,013</u>	<u>563,155</u>	<u>2,154,886</u>	<u>391,842</u>	<u>11,097,896</u>
Liabilities:					
Current Liabilities					
Accounts Payable and Accrued Liabilities			123,857	12,959	136,816
Unearned Revenues			354,497		354,497
Deposits				1,185	1,185
Compensated Absences Payable			14,037		14,037
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>492,391</u>	<u>14,144</u>	<u>506,535</u>
Noncurrent Liabilities					
Interfund Advances Payable	6,587,825			205,000	6,792,825
Total Noncurrent Liabilities	<u>6,587,825</u>	<u>-</u>	<u>-</u>	<u>205,000</u>	<u>6,792,825</u>
Total Liabilities	<u>6,587,825</u>	<u>-</u>	<u>492,391</u>	<u>219,144</u>	<u>7,299,360</u>
Net Assets:					
Invested in Capital Assets, Net of Related Debt Restricted			1,137,779	137,724	1,275,503
Specific Projects and Programs	7,979,083	563,146	378,216		8,920,445
Unrestricted	<u>(6,578,895)</u>	<u>9</u>	<u>146,500</u>	<u>34,974</u>	<u>(6,397,412)</u>
Total Net Assets	<u>\$ 1,400,188</u>	<u>\$ 563,155</u>	<u>\$ 1,662,495</u>	<u>\$ 172,698</u>	<u>\$ 3,798,536</u>

CITY OF CORONA**Combining Statement of Revenues, Expenses, and Changes in Net Assets
Nonmajor Enterprise Funds
Year Ended June 30, 2011**

	Nonmajor Enterprise Funds				Totals
	Public Financing Authority	Public Improvement Corporation	Transit Services	Airport	
Operating Revenues:					
Intergovernmental Revenues	\$ -	\$ -	\$ 46,047	\$ 30,000	\$ 76,047
Fees and Permits				42,138	42,138
Other Revenues			318,783	225,500	544,283
Total Operating Revenues	-	-	364,830	297,638	662,468
Operating Expenses:					
Personnel Services			324,101	154,699	478,800
Contractual			1,270,251	30,080	1,300,331
Material and Supplies			51,003	94,408	145,411
Utilities			204,275	12,175	216,450
Depreciation			228,567	37,296	265,863
Total Operating Expenses	-	-	2,078,197	328,658	2,406,855
Operating Income (Loss)	-	-	(1,713,367)	(31,020)	(1,744,387)
Non-Operating Revenues:					
Operating Grants and Contributions			1,478,136		1,478,136
Investment Earnings	150,098	122	41,665	498	192,383
Interest Expense	(222,575)	(120)			(222,695)
Loss on Asset Disposal			(4,778)		(4,778)
Total Non-Operating Revenues	(72,477)	2	1,515,023	498	1,443,046
Income (Loss) Before Transfers	(72,477)	2	(198,344)	(30,522)	(301,341)
Capital Grants and Contributions			16,255		16,255
Transfers In	460,780				460,780
Change in Net Assets	388,303	2	(182,089)	(30,522)	175,694
Net Assets - Beginning	1,011,885	563,153	1,844,584	203,220	3,622,842
Net Assets - Ending	\$ 1,400,188	\$ 563,155	\$ 1,662,495	\$ 172,698	\$ 3,798,536

CITY OF CORONA

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2011**

	Nonmajor Enterprise Funds				
	Public Financing Authority	Public Improvement Corporation	Transit Services	Airport	Totals
Cash Flows from Operating Activities:					
Receipts from Customers/Other Funds	\$ -	\$ -	\$ 530,733	\$ 41,909	\$ 572,642
Payments to Suppliers of Goods and Services			(1,597,230)	(137,892)	(1,735,122)
Payments to Employees for Services			(318,055)	(154,699)	(472,754)
Cash Received (Payments) of Current Claims			-	-	-
Increase (Decrease) in Long-Term Claims			-	-	-
Other Receipts			318,783	255,500	574,283
Net Cash Provided by (Used for) Operating Activities	-	-	(1,065,769)	4,818	(1,060,951)
Cash Flows from Noncapital Financing Activities:					
Operating Grants and Contributions			1,478,136		1,478,136
Compensated Absences			(13,886)		(13,886)
Transfers Received	460,780				460,780
Net Cash Provided by (Used for) Noncapital Financing Activities	460,780	-	1,464,250	-	1,925,030
Cash Flows from Capital and Related Financing Activities:					
Proceeds from Capital Grants and Contributions			16,255		16,255
Purchase of Capital Assets			(16,255)		(16,255)
Proceeds from Insurance			51,000		51,000
Payments on Interfund Loans				(15,000)	(15,000)
Interest payments of Long-term debt	(222,575)	(120)			(222,695)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(222,575)	(120)	51,000	(15,000)	(186,695)
Cash Flows from Investing Activities:					
Interest on Investments	229,985	122	38,880	610	269,597
Net Cash Provided by Investing Activities	229,985	122	38,880	610	269,597
Net Increase (Decrease) in Cash and Cash Equivalents	468,190	2	488,361	(9,572)	946,981
Cash and Cash Equivalents					
Beginning	7,510,893	563,144	466,614	58,203	8,598,854
Ending (including \$8,920,445 in restricted accounts)	\$ 7,979,083	\$ 563,146	\$ 954,975	\$ 48,631	\$ 9,545,835
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ -	\$ -	\$ (1,713,367)	\$ (31,020)	\$ (1,744,387)
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:					
Depreciation and Amortization			228,567	37,296	265,863
Changes in Assets and Liabilities:					
Accounts Receivable			(53,282)	(229)	(53,511)
Due from Other Governments			478,144		478,144
Accounts Payable and Accrued Liabilities			(20,701)	(1,229)	(21,930)
Unearned Revenues			8,824		8,824
Compensated Absences Payable			6,046		6,046
Net Cash Provided by (Used for) Operating Activities	\$ -	\$ -	\$ (1,065,769)	\$ 4,818	\$ (1,060,951)



Combining Financial Statements

Internal Service Funds

Fleet Operations Fund – This fund is used to account for Motor Pool rental as the equipment is used. Surplus rental charges are accumulated in the fund to pay for equipment replacements as needed.

Workers' Compensation Self-Insurance Fund – This fund was established on December 1, 1974 at which time the City became self-insured. Claims and administrative expenses are charged to this fund. Reserves are held by this fund to buffer the impact of unknown but potential losses.

Liability Risk Self-Insurance Fund – This fund is used to account for expenditures in payment of claims, administrator's expense (including legal fees) and to establish reserves against future claims.

Warehouse Fund – This fund is used to account for expenditures regarding distribution of inventory.



CITY OF CORONA**Combining Statement of Net Assets
Internal Service Funds
June 30, 2011**

	<u>Fleet</u>	<u>Self-Insurance</u>		<u>Warehouse</u>	<u>Totals</u>
	<u>Operations</u>	<u>Workers'</u>	<u>Liability</u>		
		<u>Compensation</u>	<u>Risk</u>		
Assets:					
Current Assets					
Cash and Investments	\$ 4,221,380	\$ 18,205,482	\$ 4,493,335	\$ 78,662	\$ 26,998,859
Accounts Receivable, Net	16,502		16,709		33,211
Inventories and Prepayments	282,458				282,458
Total Current Assets	<u>4,520,340</u>	<u>18,205,482</u>	<u>4,510,044</u>	<u>78,662</u>	<u>27,314,528</u>
Noncurrent Assets					
Capital Assets:					
Depreciable buildings, property, equipment and infrastructure, net				26,651	26,651
Total Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,651</u>	<u>26,651</u>
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,651</u>	<u>26,651</u>
Total Assets	<u>4,520,340</u>	<u>18,205,482</u>	<u>4,510,044</u>	<u>105,313</u>	<u>27,341,179</u>
Liabilities:					
Current Liabilities					
Accounts Payable and Accrued Liabilities	182,170	22	105,153	18,172	305,517
Claims and Judgments Payable		2,341,891	545,355		2,887,246
Compensated Absences Payable	70,957			9,416	80,373
Long-term Debt - Due Within One Year				5,051	5,051
Total Current Liabilities	<u>253,127</u>	<u>2,341,913</u>	<u>650,508</u>	<u>32,639</u>	<u>3,278,187</u>
Noncurrent Liabilities					
Long-term Debt - Due in More than One Year				21,068	21,068
Claims and Judgments Payable		13,334,109	1,880,645		15,214,754
Total Noncurrent Liabilities	<u>-</u>	<u>13,334,109</u>	<u>1,880,645</u>	<u>21,068</u>	<u>15,235,822</u>
Total Liabilities	<u>253,127</u>	<u>15,676,022</u>	<u>2,531,153</u>	<u>53,707</u>	<u>18,514,009</u>
Net Assets:					
Invested in Capital Assets, Net of Related Debt				532	532
Unrestricted	<u>4,267,213</u>	<u>2,529,460</u>	<u>1,978,891</u>	<u>51,074</u>	<u>8,826,638</u>
Total Net Assets	<u>\$ 4,267,213</u>	<u>\$ 2,529,460</u>	<u>\$ 1,978,891</u>	<u>\$ 51,606</u>	<u>\$ 8,827,170</u>

CITY OF CORONA**Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
Year Ended June 30, 2011**

	<u>Fleet Operations</u>	<u>Self-Insurance</u>		<u>Warehouse</u>	<u>Totals</u>
		<u>Workers' Compensation</u>	<u>Liability Risk</u>		
Operating Revenues:					
Internal Service Charges	\$ 3,264,604	\$ 3,089,439	\$ 1,800,000	\$ 935,678	\$ 9,089,721
Other Revenues	198,815	583	13		199,411
Total Operating Revenues	<u>3,463,419</u>	<u>3,090,022</u>	<u>1,800,013</u>	<u>935,678</u>	<u>9,289,132</u>
Operating Expenses:					
Personnel Services	1,238,393			363,604	1,601,997
Contractual	559,076				559,076
Material and Supplies	297,167	525,378	619,795	18,117	1,460,457
Utilities	962,334			2,743	965,077
Claims Expense		3,312,476	541,679		3,854,155
Depreciation				683	683
Total Operating Expenses	<u>3,056,970</u>	<u>3,837,854</u>	<u>1,161,474</u>	<u>385,147</u>	<u>8,441,445</u>
Operating Income (Loss)	<u>406,449</u>	<u>(747,832)</u>	<u>638,539</u>	<u>550,531</u>	<u>847,687</u>
Income (Loss) Before Transfers	406,449	(747,832)	638,539	550,531	847,687
Transfers Out	<u>(2,284,144)</u>			<u>(531,176)</u>	<u>(2,815,320)</u>
Net Income (Loss)	(1,877,695)	(747,832)	638,539	19,355	(1,967,633)
Net Assets - Beginning	<u>6,144,908</u>	<u>3,277,292</u>	<u>1,340,352</u>	<u>32,251</u>	<u>10,794,803</u>
Net Assets - Ending	<u>\$ 4,267,213</u>	<u>\$ 2,529,460</u>	<u>\$ 1,978,891</u>	<u>\$ 51,606</u>	<u>\$ 8,827,170</u>

CITY OF CORONA

**Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2011**

	Self-Insurance				Totals
	Fleet Operations	Workers' Compensation	Liability Risk	Warehouse Services	
Cash Flows from Operating Activities:					
Receipts from Customers/Other Funds	\$ 3,248,102	\$ 3,089,937	\$ 1,795,770	\$ 935,678	\$ 9,069,487
Payments to Suppliers of Goods or Services	(1,886,662)	(526,262)	(588,971)	(19,485)	(3,021,380)
Payments to Employees for Services	(1,244,228)			(363,064)	(1,607,292)
Payments of Current Claims		(664,109)	(213,645)		(877,754)
Decrease in Long-Term Claims		(1,377,367)	(207,034)		(1,584,401)
Other Receipts	198,815	583	13		199,411
Net Cash Provided by Operating Activities	<u>316,027</u>	<u>522,782</u>	<u>786,133</u>	<u>553,129</u>	<u>2,178,071</u>
Cash Flows from Noncapital Financing Activities:					
Transfers Paid	(2,284,144)			(531,176)	(2,815,320)
Net Cash Used for Noncapital Financing Activities	<u>(2,284,144)</u>			<u>(531,176)</u>	<u>(2,815,320)</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets				(27,334)	(27,334)
Retirement of Long-term Installments Payable				(1,215)	(1,215)
Proceeds from Capital Debt				27,334	27,334
Net Cash Used for Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,215)</u>	<u>(1,215)</u>
Cash Flows from Investing Activities:					
Interest on Investments	4,303				4,303
Net Cash Provided by Investing Activities	<u>4,303</u>				<u>4,303</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,963,814)</u>	<u>522,782</u>	<u>786,133</u>	<u>20,738</u>	<u>(634,161)</u>
Cash and Cash Equivalents					
Beginning	6,185,194	17,682,700	3,707,202	57,924	27,633,020
Ending (including \$34,692 in restricted accounts)	<u>\$ 4,221,380</u>	<u>\$ 18,205,482</u>	<u>\$ 4,493,335</u>	<u>\$ 78,662</u>	<u>\$ 26,998,859</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ 406,449	\$ (747,832)	\$ 638,539	\$ 550,531	\$ 847,687
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:					
Depreciation				683	683
Changes in Assets and Liabilities:					
Accounts Receivable	(16,502)	498	(4,230)		(20,234)
Inventories and Prepayments	(49,722)				(49,722)
Accounts Payable and Accrued Liabilities	(24,198)	(884)	30,824	1,375	7,117
Claims and Judgments Payable		1,271,000	121,000		1,392,000
Compensated Absences Payable				540	540
Net Cash Provided by (Used for) Operating Activities	<u>\$ 316,027</u>	<u>\$ 522,782</u>	<u>\$ 786,133</u>	<u>\$ 553,129</u>	<u>\$ 2,178,071</u>



Combining Financial Statements in Assets and Liabilities – Fiduciary Funds

Fiduciary Funds represent Agency Funds, which are custodial in nature and do not involve measurement of results and operations.



CITY OF CORONA**Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds
Year Ended June 30, 2011**

	Pass Through Agency Fund			Balance June 30, 2011
	Balance June 30, 2010	Additions	Deductions	
Assets				
Cash and Investments	\$ 1,184,668	\$ 30,942,982	\$ 30,973,061	\$ 1,154,589
Interest Receivable	148,343	371,389	374,428	145,304
Due from other Governmental Agencies	556,112	137,688		693,800
Restricted Assets:				
Cash and Investments	31,136,789	45,330,755	47,931,510	28,536,034
Total Assets	<u>\$ 33,025,912</u>	<u>\$ 76,782,814</u>	<u>\$ 79,278,999</u>	<u>\$ 30,529,727</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 25,041	\$ 444,700	\$ 438,763	\$ 30,978
Due to Bondholders	33,000,871	3,488,874	5,990,996	30,498,749
Total Liabilities	<u>\$ 33,025,912</u>	<u>\$ 3,933,574</u>	<u>\$ 6,429,759</u>	<u>\$ 30,529,727</u>



Statistical Section

This part of the City of Corona's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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<i>Financial Trends</i> – These schedules contain information to help readers to understand how the City's financial performance and well-being have changed over time.	
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<i>Revenue Capacity</i> – These schedules contain information to help readers to assess the City's most significant own-source revenues.	
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Statistical Section

Demographic and Economic Information – These schedules offer demographic and economic indicators to help readers to understand the environment within which the City's financial activities take place.

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Operating Information – These schedules contain service and infrastructure data to help readers to understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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Sources: *Unless otherwise noted, the information in these schedules was derived from the City's Comprehensive Financial Reports (CAFR) for the relevant year.*



CITY OF CORONA**Schedule 1****Net Assets by Component****Last Ten Fiscal Years (accrual basis of accounting)**

	Fiscal Year			
	2011	2010	2009	2008
Governmental Activities				
Invested in capital assets net of related debt	\$ 512,867,317	\$ 457,625,412	\$ 451,393,337	\$ 456,849,781
Restricted for:				
Capital Projects	26,795,896	80,695,897	85,200,711	73,254,682
Debt Service	10,773,995	7,079,903	11,968,561	25,251,084
Specific Projects and Programs	50,908,926	60,915,014	43,585,727	38,816,368
Total Restricted	<u>88,478,817</u>	<u>148,690,814</u>	<u>140,754,999</u>	<u>137,322,134</u>
Unrestricted	<u>248,153,878</u>	<u>243,443,770</u>	<u>245,794,117</u>	<u>215,990,032</u>
Total governmental activities net assets	<u>\$ 849,500,012</u>	<u>\$ 849,759,996</u>	<u>\$ 837,942,453</u>	<u>\$ 810,161,947</u>
Business-type Activities				
Invested in capital assets, net of related debt	\$ 66,109,520	\$ 219,780,082	\$ 228,912,014	\$ 225,030,195
Restricted for:				
Specific Projects and Programs	<u>18,065,870</u>	<u>10,779,222</u>	<u>18,188,735</u>	<u>17,031,575</u>
Unrestricted	<u>73,811,520</u>	<u>(82,129,735)</u>	<u>(110,940,686)</u>	<u>(119,578,075)</u>
Total business-type activities net assets	<u>\$ 157,986,910</u>	<u>\$ 148,429,569</u>	<u>\$ 136,160,063</u>	<u>\$ 122,483,695</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 578,976,837	\$ 677,405,494	\$ 680,305,351	\$ 681,879,976
Restricted	106,544,687	159,470,036	158,943,734	154,353,709
Unrestricted	<u>321,965,398</u>	<u>161,314,035</u>	<u>134,853,431</u>	<u>96,411,957</u>
Total Primary Government Net Assets	<u>\$ 1,007,486,922</u>	<u>\$ 998,189,565</u>	<u>\$ 974,102,516</u>	<u>\$ 932,645,642</u>

Fiscal Year					
2007	2006	2005	2004	2003	2002
\$ 458,250,349	\$ 422,767,976	\$ 456,222,213	\$ 395,841,709	\$ 392,111,753	\$ 392,349,900
20,417,055	-	386,036	9,976,958	13,310,313	13,387,098
28,838,799	6,898,327	7,982,213	13,178,815	19,091,733	21,135,725
9,483,004	8,386,210	7,729,386	-	34,135,270	34,897,216
58,738,858	15,284,537	16,097,635	23,155,773	66,537,316	69,420,039
269,852,046	306,059,386	239,481,478	265,838,106	42,904,348	42,277,201
<u>\$ 786,841,253</u>	<u>\$ 744,111,899</u>	<u>\$ 711,801,326</u>	<u>\$ 684,835,588</u>	<u>\$ 501,553,417</u>	<u>\$ 504,047,140</u>
\$ 211,186,996	\$ 193,178,999	\$ 194,465,301	\$ 187,392,588	\$ 141,335,905	\$ 151,733,910
17,317,361	7,548,512	673,256	26,387,128	1,709,856	8,134,689
(122,594,604)	(129,904,898)	(133,104,413)	(162,665,721)	78,188,671	44,877,402
<u>\$ 105,909,753</u>	<u>\$ 70,822,613</u>	<u>\$ 62,034,144</u>	<u>\$ 51,113,995</u>	<u>\$ 221,234,432</u>	<u>\$ 204,746,001</u>
\$ 669,437,345	\$ 443,318,631	\$ 650,687,514	\$ 583,234,297	\$ 533,447,658	\$ 544,083,810
76,056,219	22,833,049	16,770,891	49,542,901	68,247,172	77,554,728
147,257,442	348,782,832	106,377,065	103,172,385	121,093,019	87,154,603
<u>\$ 892,751,006</u>	<u>\$ 814,934,512</u>	<u>\$ 773,835,470</u>	<u>\$ 735,949,583</u>	<u>\$ 722,787,849</u>	<u>\$ 708,793,141</u>

CITY OF CORONA**Schedule 2****Changes in Net Assets****Last Ten Fiscal Years (accrual basis of accounting)**

	Fiscal Year			
	2011	2010	2009	2008
Expenses				
Governmental activities:				
General government	\$ 21,771,013	\$ 23,778,004	\$ 23,387,380	\$ 22,014,630
Fire	23,066,539	23,849,351	23,118,471	22,465,104
Police	40,465,516	44,573,946	40,723,499	38,811,288
Public Works	29,415,423	30,006,518	29,252,056	28,165,830
Redevelopment	15,368,206	18,283,224	19,061,398	17,679,157
Parks and Community Services	13,621,128	14,321,581	15,431,862	13,529,315
Library	2,745,336	3,108,194	3,142,627	3,539,703
Interest and fiscal charges	14,655,640	13,471,571	16,447,756	14,913,380
Total governmental activities expenses	<u>\$ 161,108,801</u>	<u>\$ 171,392,389</u>	<u>\$ 170,565,049</u>	<u>\$ 161,118,407</u>
Business-type activities:				
Water	46,791,524	48,080,241	46,284,613	48,772,948
Wastewater	25,940,578	27,212,393	27,164,627	27,937,584
Electric	17,638,508	21,951,228	21,962,931	23,590,548
Transit	2,078,197	2,309,727	2,256,556	2,128,258
Airport	328,658	316,270		
Total business-type activities expenses	<u>92,777,465</u>	<u>99,869,859</u>	<u>97,668,727</u>	<u>102,429,338</u>
Total primary government expenses	<u>\$ 253,886,266</u>	<u>\$ 271,262,248</u>	<u>\$ 268,233,776</u>	<u>\$ 263,547,745</u>
Program Revenues				
Charges for services:				
Governmental activities:				
General government	7,466,080	7,616,409	678,554	1,301,569
Fire	3,092,311	3,204,585	4,506,740	4,726,300
Police	3,295,825	3,551,199	2,817,511	3,023,714
Public Works	12,699,434	12,291,030	12,354,323	13,909,188
Redevelopment				1,713
Parks and Community Services	7,512,286	7,184,440	7,261,946	6,373,504
Library	280,729	333,015	341,989	495,603
Operating Grants and Contributions	18,683,384	11,711,125	9,404,577	8,165,995
Capital Grants and Contributions	3,743,333	9,480,514	19,967,971	17,140,582
Total governmental activities program revenues	<u>56,773,382</u>	<u>55,372,317</u>	<u>57,333,611</u>	<u>55,138,168</u>
Business-type activities:				
Charges for services:				
Water	48,103,987	50,979,766	49,629,071	44,795,972
Wastewater	27,361,203	26,779,144	26,569,560	23,379,820
Electric	17,247,983	23,891,958	23,896,507	24,824,172
Transit	364,830	412,928	371,714	363,101
Airport	297,638	286,546		
Operating Grants and Contributions	1,600,444	1,724,206	1,567,193	1,454,320
Capital Grants and Contributions	3,261,322	4,728,651	6,702,937	19,829,148
Total business-type activities program revenues	<u>98,237,407</u>	<u>108,803,199</u>	<u>108,736,982</u>	<u>114,646,533</u>
Total primary government program revenues	<u>\$ 155,010,789</u>	<u>\$ 164,175,516</u>	<u>\$ 166,070,593</u>	<u>\$ 169,784,701</u>

Fiscal Year					
2007	2006	2005	2004	2003	2002
\$ 17,944,188	\$ 17,000,514	\$ 11,199,340	\$ 16,972,222	\$ 14,266,453	\$ 11,163,604
19,824,613	19,372,402	17,247,894	16,102,014	15,074,400	13,081,838
35,418,464	35,290,552	32,105,270	30,248,573	30,267,856	25,520,663
32,887,632	28,293,319	25,450,529	26,768,539	24,348,477	19,712,213
31,450,231	18,317,214	13,825,131	14,878,105	16,941,126	6,892,793
12,504,767	12,863,536	12,091,432	12,272,328	12,508,067	12,699,189
3,156,248	3,233,627	3,111,361	3,040,136	3,410,263	2,705,314
12,348,977	9,164,552	10,170,977	4,844,242	18,141,782	11,383,870
<u>\$ 165,535,120</u>	<u>\$ 143,535,716</u>	<u>\$ 125,201,934</u>	<u>\$ 125,126,160</u>	<u>\$ 134,958,424</u>	<u>\$ 103,159,484</u>
42,980,979	39,968,554	36,073,601	34,644,300	36,292,376	26,868,711
25,431,501	23,411,865	16,876,237	15,833,862	16,941,850	14,598,053
24,688,495	20,279,523	12,855,676	20,053,738	18,880,894	6,434,253
1,773,529	1,663,358	1,615,000	1,496,799	1,280,630	1,108,456
<u>94,874,504</u>	<u>85,323,300</u>	<u>67,420,514</u>	<u>72,028,699</u>	<u>73,395,750</u>	<u>49,009,473</u>
<u>\$ 260,409,624</u>	<u>\$ 228,859,016</u>	<u>\$ 192,622,448</u>	<u>\$ 197,154,859</u>	<u>\$ 208,354,174</u>	<u>\$ 152,168,957</u>
1,513,639	8,645,359	1,129,140	953,897	743,077	748,646
4,181,914	3,229,032	3,197,076	1,726,756	1,549,395	1,222,672
3,246,509	3,017,477	2,687,347	2,689,863	2,740,805	2,253,332
14,830,576	16,795,580	16,124,597	15,175,883	14,074,917	13,508,012
1,168	-	157	1,385	-	-
6,064,402	5,986,229	5,805,482	5,159,390	4,796,231	4,558,960
541,166	402,660	324,561	293,248	237,379	164,788
8,270,729	7,794,735	12,113,704	12,211,236	11,549,543	11,788,304
22,362,669	23,044,293	9,705,129	11,271,231	14,898,908	12,355,493
<u>61,012,772</u>	<u>68,915,365</u>	<u>51,087,193</u>	<u>49,482,889</u>	<u>50,590,255</u>	<u>46,600,207</u>
43,261,136	36,548,936	29,061,220	30,633,776	27,999,085	28,475,179
21,824,979	20,211,966	13,897,603	13,245,884	13,382,760	21,292,277
24,466,921	20,962,161	13,067,845	18,287,523	16,420,890	9,265,534
316,671	270,679	234,693	256,821	131,570	120,923
1,284,236	1,233,282	1,250,281	1,234,330	1,259,614	993,988
31,702,614	12,696,552	17,754,362	15,814,606	21,081,267	18,954,473
<u>122,856,557</u>	<u>91,923,576</u>	<u>75,266,004</u>	<u>79,472,940</u>	<u>80,275,186</u>	<u>79,102,374</u>
<u>\$ 183,869,329</u>	<u>\$ 160,838,941</u>	<u>\$ 126,353,197</u>	<u>\$ 128,955,829</u>	<u>\$ 130,865,441</u>	<u>\$ 125,702,581</u>

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CITY OF CORONA**Schedule 2****Changes in Net Assets****Last Ten Fiscal Years (accrual basis of accounting)**

	Fiscal Year			
	2011	2010	2009	2008
Net (Expense)/Revenue				
Governmental activities	\$ (104,335,419)	\$ (116,020,072)	\$ (113,231,438)	\$ (105,980,239)
Business-type activities	5,459,942	8,933,340	11,068,255	12,217,195
Total primary government net expense	<u>\$ (98,875,477)</u>	<u>\$ (107,086,732)</u>	<u>\$ (102,163,183)</u>	<u>\$ (93,763,044)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 59,090,960	\$ 62,049,578	\$ 66,704,669	\$ 67,566,221
Sales and Use Tax	28,505,050	26,543,193	29,791,137	35,894,694
Other Taxes	7,802,237	7,660,365	8,570,003	8,496,030
Total taxes	<u>95,398,247</u>	<u>96,253,136</u>	<u>105,065,809</u>	<u>111,956,945</u>
Unrestricted grants and contributions	686,338	481,295	674,076	720,480
Payments in lieu of taxes	-	-	-	-
Gain (Loss) on Sale of Capital Asset	-	1,776,536	-	-
Investment earnings	3,380,168	7,204,417	10,177,941	12,225,922
Lease and Rental Income	11,646,814	7,347,933	6,955,049	-
Miscellaneous	658,664	1,311,650	8,873,210	13,536,181
Transfers	40,000	57,000	(201,503)	28,400
Special Items	-	-	9,653,196	-
Total Governmental activities	<u>111,810,231</u>	<u>114,431,967</u>	<u>141,197,778</u>	<u>138,467,928</u>
Business-type activities:				
Investment earnings	3,178,516	3,169,884	4,144,071	4,385,148
Miscellaneous	-	-	-	-
Gain on Sale of Capital Asset	2,350,130	-	-	-
Transfers	(40,000)	(57,000)	201,503	(28,400)
Total business-type activities	<u>5,488,646</u>	<u>3,112,884</u>	<u>4,345,574</u>	<u>4,356,748</u>
Total primary government	<u>\$ 117,298,877</u>	<u>\$ 117,544,851</u>	<u>\$ 145,543,352</u>	<u>\$ 142,824,676</u>
Change in Net Assets				
Governmental activities	\$ 7,474,812	\$ 10,096,548	\$ 25,177,706	\$ 32,487,689
Business-type activities	10,948,588	8,572,826	13,278,914	16,573,943
Total primary government	<u>\$ 18,423,400</u>	<u>\$ 18,669,374</u>	<u>\$ 38,456,620</u>	<u>\$ 49,061,632</u>

Fiscal Year					
2007	2006	2005	2004	2003	2002
\$(104,522,348)	\$ (74,620,351)	\$ (74,114,741)	\$ (75,643,271)	\$ (84,368,169)	\$ (56,559,277)
27,982,053	6,600,276	7,845,490	7,444,241	6,879,436	30,092,901
<u>\$ (76,540,295)</u>	<u>\$ (68,020,075)</u>	<u>\$ (66,269,251)</u>	<u>\$ (68,199,030)</u>	<u>\$ (77,488,733)</u>	<u>\$ (26,466,376)</u>
\$ 63,121,766	\$ 50,973,502	\$ 42,349,908	\$ 33,105,038	\$ 30,333,440	\$ 29,529,405
39,684,799	39,915,335	34,502,809	29,471,424	25,219,925	22,966,156
9,396,886	9,556,368	4,866,205	4,200,484	6,700,169	6,409,162
<u>112,203,451</u>	<u>100,445,205</u>	<u>81,718,922</u>	<u>66,776,946</u>	<u>62,253,534</u>	<u>58,904,723</u>
1,977,907	3,710,301	1,112,066	6,547,602	7,718,551	7,560,375
-	-	8,998,347	8,238,819	9,753,104	8,128,085
6,438,368	-	-	(201,083)	-	(4,347,175)
9,602,364	4,875,430	2,222,270	3,678,428	3,634,423	5,461,343
-	-	-	-	-	-
9,936,382	6,691,463	8,464,284	511,074	2,966,100	3,309,382
170,294	(1,458,852)	(29,223)	24,778	(4,451,266)	(68,539)
7,996,099	-	-	-	-	-
<u>148,324,865</u>	<u>114,263,547</u>	<u>102,486,666</u>	<u>85,576,564</u>	<u>81,874,446</u>	<u>78,948,194</u>
3,647,928	2,491,501	1,288,738	1,281,949	2,499,040	1,623,012
-	-	-	-	-	-
-	-	482,495	-	2,744,024	-
<u>(170,294)</u>	<u>1,458,852</u>	<u>29,223</u>	<u>(24,778)</u>	<u>4,365,931</u>	<u>68,539</u>
<u>3,477,634</u>	<u>3,950,353</u>	<u>1,800,456</u>	<u>1,257,171</u>	<u>9,608,995</u>	<u>1,691,551</u>
<u>\$ 151,802,499</u>	<u>\$ 118,213,900</u>	<u>\$ 104,287,122</u>	<u>\$ 86,833,735</u>	<u>\$ 91,483,441</u>	<u>\$ 80,639,745</u>
\$ 43,802,517	\$ 39,643,196	\$ 28,371,925	\$ 9,933,293	\$ (2,493,723)	\$ 22,388,917
31,459,687	10,550,629	9,645,946	8,701,412	16,488,431	31,784,452
<u>\$ 75,262,204</u>	<u>\$ 50,193,825</u>	<u>\$ 38,017,871</u>	<u>\$ 18,634,705</u>	<u>\$ 13,994,708</u>	<u>\$ 54,173,369</u>

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CITY OF CORONA**Schedule 3****Fund Balances, Governmental Funds****Last Ten Fiscal Years (modified accrual basis of accounting)**

	Fiscal Year			
	2011	2010	2009	2008
General Fund				
Reserved	\$ -	\$ -	\$ 20,156,768	\$ 20,672,134
Unreserved			54,773,799	58,818,482
Nonspendable	15,112,080	19,708,805		
Committed	18,072,691	17,597,806		
Assigned	50,333,810	40,338,627		
Total General Fund	<u>\$ 83,518,581</u>	<u>\$ 77,645,238</u>	<u>\$ 74,930,567</u>	<u>\$ 79,490,616</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ 81,668,685	\$ 83,897,261
Unreserved, reported in:				
Special Revenue			39,029,410	34,241,391
Capital Projects			18,110,464	16,909,462
Nonspendable	61,568,872	58,835,683		
Restricted	35,292,020	41,491,338		
Assigned	25,061,577	26,635,398		
Unassigned		(769,101)		
Total all other Governmental Funds	<u>\$ 121,922,469</u>	<u>\$ 126,193,318</u>	<u>\$ 138,808,559</u>	<u>\$ 135,048,114</u>

Note: The City implemented GASB Statement No. 54 in fiscal year ended June 30, 2010.

Fiscal Year					
2007	2006	2005	2004	2003	2002
\$ 24,121,757	\$ 75,249,936	\$ 13,535,692	\$ 11,896,398	\$ 13,451,103	\$ 8,986,422
70,716,157		31,748,096	30,390,874	29,359,950	31,540,915
<u>\$ 94,837,914</u>	<u>\$ 75,249,936</u>	<u>\$ 45,283,788</u>	<u>\$ 42,287,272</u>	<u>\$ 42,811,053</u>	<u>\$ 40,527,337</u>
\$ 59,739,936	\$ 23,685,432	\$ 71,680,887	\$ 75,451,071	\$ 95,977,110	\$ 79,182,655
34,462,913	40,645,962	(619,485)	(414,006)	(379,278)	(302,030)
15,510,428	8347703				
<u>\$ 109,713,277</u>	<u>\$ 72,679,097</u>	<u>\$ 71,061,402</u>	<u>\$ 75,037,065</u>	<u>\$ 95,597,832</u>	<u>\$ 78,880,625</u>

CITY OF CORONA**Schedule 4****Changes in Fund Balances, Governmental Funds****Last Ten Fiscal Years (modified accrual basis of accounting)**

	Fiscal Year			
	2011	2010	2009	2008
Revenues:				
Property Taxes	\$ 59,090,960	\$ 62,049,578	\$ 66,704,668	\$ 67,566,222
Other Taxes	35,900,324	33,859,090	37,687,694	44,025,594
Licenses, fees and permits	2,187,466	2,244,379	3,986,271	3,939,938
Fines and Penalties	2,168,820	2,625,345	1,643,556	1,602,034
Special Assessments	9,645,684	9,230,699	9,186,822	7,363,443
Investment Earnings	3,380,168	7,205,344	8,221,715	10,324,740
Intergovernmental Revenues	17,140,177	16,982,358	23,725,540	18,579,692
Current Services	13,724,789	13,469,450	15,015,541	16,746,141
Payments in Lieu of Services	9,681,893	10,524,934	11,992,502	13,249,357
Other Revenues	16,833,436	11,586,690	11,854,846	11,337,159
Total Revenues	<u>169,753,717</u>	<u>169,777,867</u>	<u>190,019,155</u>	<u>194,734,320</u>
Expenditures:				
General Government	23,594,460	24,032,875	28,370,429	29,223,727
Fire	23,068,351	22,886,210	23,826,368	24,986,115
Police	39,523,177	43,154,254	41,009,396	42,602,945
Public Works	25,443,417	26,055,330	26,098,884	27,600,538
Parks and Community Services	12,128,803	12,628,055	14,516,592	14,082,791
Redevelopment	10,942,983	18,776,318	14,337,175	13,347,887
Library	2,694,192	2,925,121	3,228,510	3,910,240
Capital Outlay	11,089,418	21,562,741	24,337,661	35,001,560
Debt Service				
Principal	7,578,502	8,139,799	13,837,430	5,984,493
Interest and Fiscal Charges	14,756,645	14,041,809	16,730,459	14,389,659
Total Expenditures	<u>170,819,948</u>	<u>194,202,512</u>	<u>206,292,904</u>	<u>211,129,955</u>
Excess of Revenues over (under) expenditures	(1,066,231)	(24,424,645)	(16,273,749)	(16,395,635)
Other Financing Sources (Uses)				
Loss from sale of land held for resale	-	-	(472,252)	-
Issuance of Debt	-	-	5,167,326	35,874,600
Principal Retirement	-	-	-	-
Proceeds from Sale of Capital Asset	-	2,400,000	-	-
Bond Premium	-	-	-	30,601,167
Transfers in	79,529,457	17,440,737	21,302,803	(28,843,505)
Transfers out	(76,674,137)	(10,398,334)	(20,176,928)	-
Total other financing sources (uses)	<u>2,855,320</u>	<u>9,442,403</u>	<u>5,820,949</u>	<u>37,632,262</u>
Special Items				
	-	-	9,653,196	-
Net change in fund balances	<u>\$ 1,789,089</u>	<u>\$ (14,982,242)</u>	<u>\$ (799,604)</u>	<u>\$ 21,236,627</u>
Debt service as a percentage of noncapital expenditures	16.1%	14.7%	20.2%	12.7%

Fiscal Year					
2007	2006	2005	2004	2003	2002
\$ 63,121,767	\$ 50,973,502	\$ 42,349,910	\$ 32,265,783	\$ 28,924,050	\$ 26,238,648
47,968,446	47,243,504	40,815,213	34,923,016	29,994,105	30,396,922
7,565,595	12,052,807	10,871,748	11,984,841	12,949,501	10,958,482
1,678,525	1,778,880	1,508,004	1,700,005	1,713,495	1,407,628
7,472,089	7,325,244	6,923,091	6,581,157	6,482,026	8,098,106
8,337,386	4,093,836	2,776,118	3,907,468	4,781,225	7,422,121
21,122,793	20,878,547	11,927,288	18,489,977	19,285,666	18,378,750
16,547,413	16,156,862	15,518,676	13,470,119	12,901,807	11,880,438
9,801,798	11,540,850	9,165,515	8,238,819	9,753,105	8,128,085
11,567,679	10,514,261	8,626,151	3,313,914	9,015,827	5,805,563
<u>195,183,491</u>	<u>182,558,293</u>	<u>150,481,714</u>	<u>134,875,099</u>	<u>135,800,807</u>	<u>128,714,743</u>
25,343,635	21,080,414	18,497,239	25,270,857	20,615,021	15,389,630
22,129,775	19,689,290	17,947,422	16,848,544	14,609,632	12,621,139
39,637,054	36,165,060	35,815,820	32,023,189	29,667,758	24,595,721
32,346,827	25,345,564	21,272,214	24,809,152	20,726,962	14,915,970
12,371,034	11,736,757	10,443,414	9,888,299	9,122,985	9,579,412
28,636,781	12,533,710	8,112,135	7,742,841	9,433,505	1,098,150
3,609,419	3,432,052	3,268,099	3,215,633	3,350,674	2,658,331
22,935,456	9,338,399	19,846,407	28,640,837	14,613,566	44,483,618
5,466,814	6,824,654	4,723,597	4,812,429	8,144,624	8,637,494
11,710,584	9,263,096	10,498,967	4,958,286	17,823,737	11,490,362
<u>204,187,379</u>	<u>155,408,996</u>	<u>150,425,314</u>	<u>158,210,067</u>	<u>148,108,464</u>	<u>145,469,827</u>
(9,003,888)	27,149,297	56,400	(23,334,968)	(12,307,657)	(16,755,084)
-	-	-	(201,083)	-	(4,347,175)
51,338,901	-	38,210,834	-	36,065,000	5,181,235
-	-	(38,215,000)	-	-	-
6,739,350	-	-	-	-	-
-	-	799,695	-	-	-
37,438,933	26,507,505	16,343,861	21,865,917	50,142,916	9,208,761
(36,814,074)	(22,504,515)	(16,141,034)	(20,134,948)	(54,899,336)	(9,405,294)
<u>58,703,110</u>	<u>4,002,990</u>	<u>998,356</u>	<u>1,529,886</u>	<u>31,308,580</u>	<u>637,527</u>
7,996,099	-	-	-	-	-
<u>\$ 57,695,321</u>	<u>\$ 31,152,287</u>	<u>\$ 1,054,756</u>	<u>\$ (21,805,082)</u>	<u>\$ 19,000,923</u>	<u>\$ (16,117,557)</u>
10.5%	11.4%	12.5%	8.1%	19.1%	19.9%

CITY OF CORONA**Schedule 5a
Water Sales By User Type
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Residential		Commercial		Industrial		Public Agency		Agricultural, Irrigation and Other		Total	
	Acre Feet	% of Total	Acre Feet	% of Total	Acre Feet	% of Total	Acre Feet	% of Total	Acre Feet	% of Total	Acre Feet Total	% Total
2002	22,957	66.0	5,913	17.0	556	1.6	2,435	7.0	2,922	8.4	34,783	100
2003	25,896	65.1	6,723	16.9	557	1.4	2,904	7.3	3,699	9.3	39,779	100
2004	27,678	64.0	6,750	15.6	1,738	4.0	3,493	8.1	3,563	8.2	43,222	100
2005	24,905	67.0	3,463	9.0	1,450	4.0	3,271	9.0	3,391	11.0	36,480	100
2006	26,630	66.2	3,848	9.6	1,573	3.9	3,546	8.8	4,607	11.5	40,204	100
2007	29,866	66.0	4,230	9.5	1,751	3.5	3,898	9.0	5,754	12.0	45,499	100
2008	27,598	67.5	3,803	9.3	1,557	3.8	3,039	7.4	4,870	11.9	40,867	100
2009	26,761	61.5	4,916	11.3	1,592	3.8	2,973	6.8	7,280	16.7	43,522	100
2010	23,752	64.5	4,404	12.0	1,216	3.3	4,278	11.6	3,165	8.6	36,815	100
2011	22,121	65.4	3,812	11.3	1,158	3.4	3,058	9.0	3,700	10.9	33,849	100

Source: Corona Department of Water and Power.

CITY OF CORONA**Schedule 5b****Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years (in thousands of dollars)**

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Other	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2002	5,720,734	740,122	1,197,804	1,277,060	64,803	8,870,917	1.0086
2003	6,389,708	812,953	1,318,860	1,366,953	117,192	9,771,282	1.0079
2004	7,013,653	863,630	1,415,667	1,489,990	171,882	10,611,058	1.0061
2005	8,010,907	1,016,443	1,540,064	1,614,156	119,068	12,062,502	1.0053
2006	9,128,473	1,166,793	1,688,866	1,747,079	190,746	13,540,465	1.0043
2007	10,821,087	1,398,608	1,927,206	1,956,392	200,971	15,902,322	1.0025
2008	12,074,893	1,638,755	2,068,380	2,153,807	243,155	17,692,680	1.0018
2009	11,825,460	1,810,186	2,111,604	2,179,903	233,038	17,694,115	1.0012
2010	10,338,756	2,392,421	2,175,301	1,628,324	251,763	16,283,039	1.0006
2011	10,340,114	2,177,188	2,159,963	1,679,857	271,357	16,085,765	1.0000

Source: HdL Coren & Cone, Riverside County Assessor Combined tax rolls.

Note: Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to the actual value. Tax rates are per \$1,000 of assessed value.

CITY OF CORONA

**Schedule 6a
Ready to Serve Charges for Water Usage ⁽¹⁾
Last Ten Fiscal Years**

Fiscal Year ⁽²⁾	Quantity Rate per 100 C.F.	Monthly Base Rates									
		5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	
2002	\$ 1.08	\$ 11.05	\$ 14.50	\$ 20.75	\$ 36.15	\$ 52.75	\$ 90.15	\$ 138.50	\$ 254.35	\$ 374.10	
2003	\$ 1.08	\$ 11.05	\$ 14.50	\$ 20.75	\$ 36.15	\$ 52.75	\$ 90.15	\$ 138.50	\$ 254.35	\$ 374.10	
2004	\$ 1.08	\$ 11.05	\$ 14.50	\$ 20.75	\$ 36.15	\$ 52.75	\$ 90.15	\$ 138.50	\$ 254.35	\$ 374.10	
2005	\$ 1.08	\$ 11.05	\$ 14.50	\$ 20.75	\$ 36.15	\$ 52.75	\$ 90.15	\$ 138.50	\$ 254.35	\$ 374.10	
2005	\$ 1.21	\$ 12.38	\$ 16.24	\$ 23.24	\$ 40.49	\$ 59.08	\$ 100.97	\$ 155.12	\$ 284.87	\$ 418.99	
2006	\$ 1.33	\$ 13.62	\$ 17.86	\$ 25.56	\$ 44.54	\$ 64.99	\$ 111.07	\$ 170.63	\$ 313.36	\$ 460.89	
2007	\$ 1.44	\$ 14.71	\$ 19.29	\$ 27.60	\$ 48.10	\$ 70.19	\$ 119.96	\$ 184.28	\$ 338.43	\$ 497.76	
2008	\$ 1.61	\$ 16.40	\$ 21.51	\$ 30.77	\$ 53.63	\$ 78.26	\$ 133.76	\$ 205.47	\$ 377.35	\$ 555.00	
2009	\$ 1.77	\$ 18.04	\$ 23.66	\$ 33.85	\$ 58.99	\$ 86.09	\$ 147.13	\$ 226.02	\$ 415.08	\$ 610.50	
2010	\$ 1.81	\$ 18.04	\$ 23.66	\$ 33.85	\$ 58.99	\$ 86.09	\$ 147.13	\$ 226.02	\$ 415.08	\$ 610.50	
2011	\$ 1.85	\$ 18.04	\$ 23.66	\$ 33.85	\$ 58.99	\$ 86.09	\$ 147.13	\$ 226.02	\$ 415.08	\$ 610.50	

1) The separate Readiness To Serve Charge to be imposed within the Overlook Owners Area shall be the amount equal to the current Readiness To Serve Charge for Domestic Service plus the amount of \$10.00 per month. This separate amount of \$10.00 per month shall be imposed for the period of five (5) years from the date of adoption of Ordinance No. 2569 (March 6, 2002) for Overlook Owners. Upon expiration of said 5 year period, the Readiness To Serve Charge to be imposed within the Overlook Area shall be the amount as determined for Domestic Service. The City eliminated all surcharges charged to customers outside the City limits.

2) There are instances where the rates were changed during the fiscal year.

3) For fiscal year 2010 rate includes a pass-through charge from WMMWD of \$.29 per 100 C.F. adopted with Ordinance No. 3005, effective September 4, 2009.

4) For fiscal year 2010 the stated rate per 100 C.F. is for Residential Tier 1 of the Budget Based Water Rate Structure adopted with Ordinance No. 3025, effective March 19, 2010.

Source: City of Corona Department of Water and Power.

CITY OF CORONA**Schedule 6b****Direct and Overlapping Property Tax Rates****Last Ten Fiscal Years (rate per \$100 of assessed value)**

Year	City Direct Rates			Overlapping Rates ²			
	Basic Rate ¹	General Obligation Debt Service	Total Direct	Corona/Norco School District	Alvord School District	Metropolitan Water District	Riverside City Community College
2002	1.0000	0.0086	1.0086	0.0237	0.1280	0.0077	0.0000
2003	1.0000	0.0079	1.0079	0.0237	0.1164	0.0067	0.0000
2004	1.0000	0.0061	1.0061	0.0237	0.0765	0.0061	0.0000
2005	1.0000	0.0053	1.0053	0.0237	0.0755	0.0058	0.0180
2006	1.0000	0.0043	1.0043	0.0146	0.0731	0.0052	0.0180
2007	1.0000	0.0025	1.0025	0.0107	0.0580	0.0047	0.0180
2008	1.0000	0.0018	1.0018	0.0379	0.0526	0.0045	0.0126
2009	1.0000	0.0012	1.0012	0.0411	0.1064	0.0043	0.0125
2010	1.0000	0.0006	1.0006	0.0403	0.1255	0.0043	0.0124
2011	1.0000	0.0000	1.0000	0.0452	0.1195	0.0037	0.0150

Notes:

- 1) The City's basic property tax rate may only be increased by a majority vote of the city's residents. Rates for debt service are set based on each year's requirements.
- 2) Overlapping rates are those of local and county governments that apply to property owners within the City of Corona. Not all overlapping rates apply to all Corona property owners.

Source: Riverside County Auditor-Controller.

CITY OF CORONA**Schedule 7a****Principal Water Customers****Current Year and Eight Years Ago**

Water Customer	2011			2003		
	Water Charges	Rank	Percent of Total Water Revenues	Water Charges	Rank	Percent of Total Water Revenues
City of Corona	\$ 2,498,201	1	5.20%	\$ 1,359,951	1	5.16%
Corona-Norco USD	\$ 977,788	2	2.04%	\$ 491,678	2	1.87%
MG Properties	\$ 715,777	3	1.49%			
EWR, Inc	\$ 197,699	4	0.41%	\$ 87,055	10	0.33%
223-1 DL Holdings LLC	\$ 179,199	5	0.37%			
Westdale Asset Management	\$ 161,834	6	0.34%	\$ 87,150	9	0.33%
Eagle Glen Master HOA	\$ 156,496	7	0.33%	\$ 232,557	3	0.88%
Integrated Protein Tech	\$ 146,352	8	0.30%	\$ 105,664	5	0.40%
Hills of Corona	\$ 144,989	9	0.30%			
Eagle Glen Country Club, LLC	\$ 142,114	10	0.30%			
Hi-Country-Corona Inc				\$ 156,709	4	0.59%
GTS Property Hollywood Inc.				\$ 98,758	6	0.37%
Matt Construction Corp				\$ 91,584	7	0.35%
Archstone Communities				\$ 90,729	8	0.34%
	<u>\$ 5,320,449</u>		<u>11.08%</u>	<u>\$ 2,801,834</u>		<u>10.63%</u>

Source: Corona Department of Water and Power.

Note: Data from 10 years ago was not available.

CITY OF CORONA**Schedule 7b
Principal Property Tax Payers
Current Year and Nine Years Ago**

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Watson Laboratories Inc.	\$ 180,712,908	1	1.12%	\$ 84,795,669	2	0.96%
Castle and Cooke Corona Inc.	167,476,698	2	1.04%			
Kaiser Foundation Health Plan Inc	134,828,731	3	0.84%	82,461,918	3	0.93%
Waterstone Apartments NF	118,815,948	4	0.74%			
Price Reit Inc.	80,503,332	5	0.50%	63,443,823	5	0.72%
Dart Container Corporation of Calif	78,258,027	6	0.49%	71,212,536	4	0.80%
Guest First Inc.	74,006,029	7	0.46%			
Dix Leasing Corporation	67,712,101	8	0.42%			
Rexco Magnolia	56,271,961	9	0.35%			
Corona Summit	46,122,865	10	0.29%			
Dairy Farmers of America Inc.				87,200,053	1	0.98%
Vista Hospital Systems Inc				54,547,088	6	0.61%
ERP Operating LP				53,227,674	7	0.60%
CTF 16 Baywood				43,247,999	8	0.49%
Corona Investment Inc.				28,042,898	9	0.32%
Evans Withycombe Residential				26,156,991	10	0.29%
Total	<u>\$ 1,004,708,600</u>		<u>6.25%</u>	<u>\$ 594,336,649</u>		<u>6.70%</u>

Source: HdL Coren & Cone, Riverside County Assessor combined tax rolls.

CITY OF CORONA**Schedule 8
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	13,399,495	12,645,821	94.38%	606,576	13,252,397	98.90%
2003	14,732,029	13,947,475	94.67%	763,871	14,711,346	99.86%
2004	15,932,786	14,583,817	91.53%	807,182	15,390,999	96.60%
2005	17,960,358	16,344,312	91.00%	1,369,934	17,714,246	98.63%
2006	18,409,599	16,237,649	88.20%	1,667,527	17,905,176	97.26%
2007	23,054,281	19,690,971	85.41%	2,300,224	21,991,195	95.39%
2008	25,254,270	20,898,139	82.75%	2,996,398	23,894,537	94.62%
2009	25,036,199	21,120,483	84.36%	3,992,067	25,112,550	100.30%
2010	22,628,536	19,921,737	88.04%	3,363,727	23,285,464	102.90%
2011	22,451,824	19,619,070	87.38%	2,536,146	22,155,216	98.68%

Note: 1) Amounts excluded debt service levies and Redevelopment property tax increment.

Source: City of Corona Finance Department, Riverside County Auditor-Controller's Office.

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CITY OF CORONA**Schedule 9****Ratios of Outstanding Debt by Type****Last Ten Fiscal Years (dollars in thousands, except per capita)**

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Redevelopment Bonds	Lease Revenue Bonds	Loans Payable	Lease Payable	Long-Term Agreement Payable	Special Assessment Bonds
2002	\$ 5,410	\$ 50,320	\$ 22,560	\$ 3,115	\$ 65	\$ -	\$ 10,555
2003	5,065	49,205	56,770	2,711	1,100	-	5,095
2004	3,955	48,030	55,840	2,308	976	-	4,025
2005	3,635	45,485	53,940	1,907	883	1,301	3,255
2006	2,535	42,755	51,975	1,485	787	1,115	2,930
2007	1,925	63,175	87,130	1,039	686	929	2,565
2008	1,445	90,940	73,390	569	583	6,882	2,225
2009	950	87,805	70,695	-	475	5,725	1,900
2010	-	85,075	67,905	-	-	4,530	1,435
2011	-	82,025	65,015	-	26	3,301	1,025

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Business-Type Activities

<u>Installment Agreement Payable</u>	<u>Long-Term Installment Payable</u>	<u>Term Loan Payable</u>	<u>Lease Payable</u>	<u>Certificates of Participation</u>	<u>Contracts Payable</u>	<u>Total Primary Government</u>	<u>Percent of Personal Income</u>	<u>Per Capita</u>
\$ -	\$ 34,900	\$ 20,789	\$ 58	\$ 5,685	\$ 717	154,174	5.0%	\$ 1,151
-	34,190	19,233	-	73,450	717	247,536	7.9%	1,807
-	33,455	18,194	-	73,175	717	240,675	n/a	1,697
432	32,690	35,171	-	101,760	717	281,176	n/a	1,952
296	31,895	43,429	-	101,310	717	281,229	n/a	1,944
173	31,070	43,322	-	100,590	717	333,321	n/a	2,280
37	30,215	41,990	-	98,145	690	519,739	n/a	3,525
2,000	29,325	39,625	-	95,645	690	334,835	n/a	2,253
2,036	28,400	37,207	-	93,035	690	320,313	n/a	2,130
1,764	27,435	34,724	-	90,320	690	306,325	n/a	1,993

CITY OF CORONA**Schedule 10****Ratios of General Bonded Debt Outstanding****Last Ten Fiscal Years (dollars in thousands, except per capita)**

Fiscal Year	General Bonded Debt Outstanding					Percentage of Actual Value ¹ of Property	Per Capita ²
	General Obligation Bonds	Redevelopment Bonds	Special Assessment Bonds	Lease Revenue Bonds	Total		
2002	\$ 5,410	\$ 50,320	\$ 10,555	\$ 22,560	\$ 88,845	1.00%	\$ 663
2003	5,065	49,205	5,095	56,770	116,135	1.19%	848
2004	3,955	48,030	4,025	55,840	111,850	1.05%	789
2005	3,635	45,485	3,255	53,940	106,315	0.88%	738
2006	2,535	42,755	2,930	51,975	100,195	0.74%	693
2007	1,925	63,175	2,565	87,130	154,795	0.97%	1,059
2008	1,445	90,940	2,225	73,390	168,000	0.95%	1,140
2009	950	87,805	1,900	70,695	161,350	0.91%	1,086
2010	-	85,075	1,435	67,905	154,415	0.95%	1,027
2011	-	82,025	1,025	65,015	148,065	0.92%	964

Notes: 1) See Schedule 5 for property value data.

2) See Schedule 14 for population data.

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF CORONA

Schedule 11

Direct and Overlapping Governmental Activities Debt¹

As of June 30, 2011 (dollars in thousands)

Direct and Overlapping Tax and Assessment Debt:	Debt Outstanding	Est. Percentage Applicable ²	Share of Overlapping Debt
Metropolitan Water District	\$ 227,670	0.744%	\$ 1,694
Riverside City Community College District	236,720	23.051%	54,566
Alvord Unified School District	267,166	16.574%	44,280
Corona-Norco Unified School District	257,292	57.794%	148,699
Alvord Unified School District CFD No. 2006-1	8,520	16.860%	1,436
Corona-Norco Unified School District CFD No. 6	795	100.000%	795
Corona-Norco Unified School District CFD No. 88-1	1,965	90.618%	1,781
Corona-Norco Unified School District CFD No. 97-1	1,339	100.000%	1,339
Corona-Norco Unified School District CFD No. 99-1	3,287	100.000%	3,287
Corona-Norco Unified School District CFD No. 99-2, Imp Areas A, B, C	6,868	100.000%	6,868
Corona-Norco Unified School District CFD No. 00-1	2,390	100.000%	2,390
Corona-Norco Unified School District CFD No. 01-1, Imp Areas A & B	9,830	100.000%	9,830
Corona-Norco Unified School District CFD No. 01-2, Imp Areas A, B, C	15,090	100.000%	15,090
Corona-Norco Unified School District CFD No. 03-3, Imp Area A	5,360	100.000%	5,360
Corona-Norco Unified School District CFD No. 03-5	2,615	100.000%	2,615
Corona-Norco Unified School District CFD No. 04-2, Imp Areas 1 & 3	4,605	100.000%	4,605
City of Corona CFD No. 86-2	12,875	100.000%	12,875
City of Corona CFD No. 89-1	21,380	100.000%	21,380
City of Corona CFD No. 90-1	31,275	100.000%	31,275
City of Corona CFD No. 97-2	13,080	100.000%	13,080
City of Corona CFD No. 2000-1	6,775	100.000%	6,775
City of Corona CFD No. 2001-2	3,205	100.000%	3,205
City of Corona CFD No. 2002-1	25,625	100.000%	25,625
City of Corona CFD No. 2002-4	8,605	100.000%	8,605
City of Corona CFD No. 2003-2	7,915	100.000%	7,915
City of Corona CFD No. 2004-1	3,475	100.000%	3,475
California Statewide Communities Development Authority CFD No. 2002-1	4,274	100.000%	4,274
City of Corona 1915 Act Bonds	5,700	100.000%	5,700
Total Overlapping Tax and Assessment Debt			<u>\$ 448,820</u>
Direct and Overlapping General Fund Obligation Debt:			
Riverside County General Fund Obligations	\$ 696,635	9.078%	\$ 63,241
Riverside County Pension Obligations	366,945	9.078%	33,311
Riverside County Board of Education COPs	6,170	9.078%	560
Corona-Norco Unified School District General Fund Obligations	31,065	57.794%	17,954
Alvord Unified School District General Fund Obligation Debt	2,027	16.574%	336
City of Corona General Fund Obligations	66,066	100.000%	66,066
Total Direct and Overlapping General Fund Obligation Debt			<u>\$ 181,468</u>
Less: Riverside County self-supporting obligations			1,253
City-obligated debt supported by special assessment payments			1,025
Total Net Direct and Overlapping General Fund Obligation Debt			<u>\$ 179,190</u>
Total Gross Direct Debt			\$ 66,066
Total Net Direct Debt			\$ 65,041
Total Gross Overlapping Debt			\$ 564,221
Total Net Overlapping Debt			\$ 562,968
Gross Combined Total Direct and Overlapping Debt³			\$ 630,287
Net Combined Total Direct and Overlapping Debt			\$ 628,009

Notes: 1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Corona. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for the repaying the debt, of each overlapping government.

2) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value.

3) Amount excluded tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

CITY OF CORONA

Schedule 12

Legal Debt Margin Information

Last Ten Fiscal Years (dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed Value	\$ 16,085,765
Debt Limit (15% of assessed value)	2,412,865
Debt Applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>-</u>
Legal Debt Margin	<u>\$ 2,412,865</u>

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 1,330,638	\$ 1,465,692	\$ 1,591,659	\$ 1,809,375	\$ 2,031,070	\$ 2,385,348	\$ 2,653,302	\$ 2,654,117	\$ 2,442,456	\$ 2,412,865
Total net debt applicable to limit	4,091	3,505	2,871	2,298	1,719	1,158	600	(43)	-	-
Legal debt margin	\$ 1,326,547	\$ 1,462,187	\$ 1,588,788	\$ 1,807,077	\$ 2,029,351	\$ 2,384,190	\$ 2,652,702	\$ 2,654,160	\$ 2,442,456	\$ 2,412,865
Total debt applicable to the limit as a percentage of debt limit	0.307%	0.239%	0.180%	0.127%	0.085%	0.049%	0.023%	-0.002%	0.000%	0.000%

Note: Under State Finance Law, the City's outstanding general obligation debt should not exceed 15 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

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CITY OF CORONA

**Schedule 13
Pledged-Revenue Coverage
Last Ten Fiscal Years (dollars in thousands)**

Fiscal Year	Lease Revenue Bonds				Special Assessment Bonds					
	Lease Payments	Current Account Balance	Debt Service Principal	Debt Service Interest	Coverage	Special Assessment Collections	Current Account Balance	Debt Service Principal	Debt Service Interest	Coverage
2002	\$ 1,179	\$ 26	\$ 250	\$ 956	1.00	\$ 3,291	\$ 3,525	\$ 4,140	\$ 1,019	1.32
2003	1,827	2,209	790	1,749	1.59 ¹	1,410	5,579	5,460	617	1.15
2004	1,931	1,511	930	2,499	1.00	822	1,411	1,070	355	1.57
2005	3,306	1,068	1,900	2,450	1.01	582	1,020	770	283	1.52
2006	4,184	177	1,965	2,390	1.00	560	448	325	241	1.78
2007	4,501	272	2,025	2,626 ⁵	1.03	543	77	365	214	1.07
2008	5,673	152	2,620	3,212	1.00	487	38	340	187	1.00
2009	5,663	150	2,695	3,118	1.00	571	28	325	162	1.23
2010	5,686	125	2,790	3,021	1.00	525	79	465	131	1.01
2011	5,677	126	2,890	2,915	1.00	376	152	410	97	1.04

Continued Page 1 of 2

- Notes:
- 1) 2002 Lease Revenue bonds issued; capitalized interest used to make debt payments.
 - 2) 2004 TABS issued in July 2004 partially refunded 1994 TABS.
 - 3) 2003 COPs issued with capitalized interest.
 - 4) 2005 COPs issued with capitalized interest.
 - 5) 2006 Lease Revenue bonds issued; escrow used to make 2000 LRB payment.
 - 6) Amount includes a SERAF payment of \$1.8m (2011); \$8.9M (2010)

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF CORONA

**Schedule 13
Pledged-Revenue Coverage
Last Ten Fiscal Years (dollars in thousands)**

Fiscal Year	Net Property Tax Increment	Redevelopment Bonds				Water Revenue Bonds				Certificates of Participation			
		Debt Service		Coverage	Lease Payments	Debt Service		Coverage	Lease Payments	Current Account Balance		Debt Service	
		Principal	Interest			Principal	Interest			Balance	Interest	Principal	Interest
2002	\$ 7,082	\$ 1,055	\$ 2,961	1.76	\$ 2,287	\$ 685	\$ 1,603	1.00	\$ 520	\$ 48	\$ 255	\$ 298	1.03
2003	7,377	1,115	2,902	1.84	2,286	710	1,577	1.00	504	47	265	286	1.00
2004	8,691	1,175	2,840	2.16	2,284	735	1,550	1.00	771	4,689	275	2,779	1.79 ³
2005	9,306	39,455 ²	2,545	0.22	2,286	765	1,522	1.00	1,223	2,686	435	3,469	1.00
2006	10,324	2,730	1,952	2.20	2,285	795	1,493	1.00	4,520	335	450	4,390	1.00 ⁴
2007	14,559	1,735	2,109	3.79	2,286	825	1,462	1.00	5,077	343	720	4,710	1.00
2008	21,287	1,785	3,141	4.32	2,288	855	1,429	1.00	6,764	346	2,445	4,665	1.00
2009	19,459	3,135	4,475	2.56	2,281	890	1,393	1.00	6,761	323	2,500	4,582	1.00
2010	11,748	2,730	4,357	1.66	2,281	925	1,356	1.00	6,861	220	2,610	4,476	1.00
2011	16,155 ⁶	3,050	4,245	2.21	2,281	965	1,316	1.00	6,859	224	2,715	4,367	1.00

Notes: 1) 2002 Lease Revenue bonds issued; capitalized interest used to make debt payments.

2) 2004 TABS issued in July 2004 partially refunded 1994 TABS.

3) 2003 COPs issued with capitalized interest.

4) 2005 COPs issued with capitalized interest.

5) 2006 Lease Revenue bonds issued; escrow used to make 2000 LRB payment.

6) Amount includes a SERAF payment of \$1.8m (2011); \$8.9M (2010)

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF CORONA**Schedule 14
Demographic and Economic Statistics
Last Ten Calendar Years**

	(1)	(2)	(3)	(4)	(5)	
Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2002	133,966	\$ 3,086,993	\$ 23,043	n/a	39,614	4.9%
2003	137,006	3,142,951	22,940	n/a	41,977	5.0%
2004	141,822	3,274,812	23,091	n/a	43,998	4.8%
2005	144,070	3,492,689	24,243	n/a	44,240	3.7%
2006	144,661	3,754,532	25,954	n/a	47,731	3.5%
2007	146,164	3,959,729	27,091	n/a	49,865	4.1%
2008	147,428	4,032,746	27,354	n/a	51,334	6.1%
2009	148,597	3,942,278	26,530	30.5	52,138	10.4%
2010	150,416	4,031,149	26,800	31.5	52,914	10.3%
2011	153,649	4,114,259	26,777	32.5	53,153	10.7%

Sources: 1) Population – California Department of Finance;
2) Personal Income – Economics & Politics, Inc.
3) Median Age – U.S. Census Bureau;
4) School Enrollment – Corona-Norco Unified School District;
5) Unemployment Rate – California Labor Market.

CITY OF CORONA**Schedule 15
Principal Employers
Current Year and Nine Years Ago**

Employer	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Corona-Norco Unified School District	4,790	1	6.53%	4,335	1	6.47%
Corona Regional Medical Center	1,154	2	1.57%	1,046	4	1.56%
Watson Laboratories, Inc.	1,045	3	1.42%	1,083	3	1.62%
Kaiser Permanente	896	4	1.22%	1,100	2	1.64%
City of Corona	866	5	1.18%	824	6	1.23%
Fender USA Corona	800	6	1.09%	675	9	1.01%
All American Asphalt	678	7	0.92%	700	7	1.04%
Dart Container Corporation	370	8	0.50%	700	8	1.04%
Hansen Beverage	350	9	0.48%			
Core-Mark International	326	10	0.44%			
Robertson's Ready Mix				850	5	1.27%
Golden Cheese Co. of California				400	10	0.60%

Source: City of Corona's Economic Development Division;
California Labor Market.

CITY OF CORONA**Schedule 16****Full-time Equivalent City Government Employees by Function/Program****Last Seven Fiscal Years**

<u>Function/Program</u>	<u>Full-time Equivalent Employees</u>						
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Government							
Management Services	9	9	12	19	19	12	13
Human Resources	10	10	11	15	15	13	12
Information Technology	14	14	15	18	17	17	17
Finance	32	32	36	41	42	41	41
Community Development	21	21	27	24	26	21	20
Building ¹	0	0	0	24	24	23	22
Police							
Officers	176	177	179	191	191	175	167
Civilians	72	67	72	91	91	87	90
Fire							
Firefighters and officers	121	121	121	124	124	111	106
Civilians	7	7	10	23	22	22	26
Public Works	77	76	84	102	102	93	94
Redevelopment	16	17	17	16	15	17	17
Parks and Community Services	28	28	35	48	49	50	50
Library	17	17	18	20	19	18	19
Department of Water and Power	107	112	113	111	130	146	137
Transit Services	1	1	1	1	1	1	1
Total	708	709	751	868	887	847	832

Source: City of Corona Finance Department.

Note:

1) Building Department merged into Community Development Department during Fiscal Year 2008-09.

2) Data from ten years ago was not available.

CITY OF CORONA**Schedule 17
Operating Indicators by Function/Program
Last Seven Fiscal Years**

Function/Program	Fiscal Year						
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Police							
Physical Arrests	5,701	5,337	5,693	5,026	5,298	4,696	4,259
Parking Violations	6,541	3,241	6,768	8,165	9,806	8,147	8,657
Traffic Violations	9,456	10,087	13,357	11,389	11,931	13,923	16,885
Fire							
Emergency Responses	9,606	9,683	9,480	10,139	10,238	9,997	9,644
Fires Extinguished	318	378	387	439	515	499	503
Inspections	1,478	2,560	2,124	2,072	1,039	865	1,529
Public Works							
Street Resurfacing (miles)	8	85	70	6	172.51	9.80	11.75
Street Lights Repaired	1,811	1,775	1,991	1,721	1,307	1,336	1,158
Potholes Filled (sq. ft)	25,557	38,187	51,223	33,936	42,000	37,389	36,294
Parks and Community Services							
Sportsfields Participation	1,832,892	1,746,257	1,307,866	828,717	486,114	459,002	462,852
Comm. Centers/Gym/Pool	239,464	249,295	279,548	309,814	310,604	307,888	303,460
Other Activity Participation	211,533	259,179	249,407	217,500	153,301	126,542	128,991
Library							
Volumes in Collection	169,188	166,163	177,028	175,648	165,102	165,474	161,495
Total Volumes Borrowed	2,034,932	1,262,964	1,191,239	956,152	540,612	673,450	722,032
Water							
New Connections	133	217	269	158	504	801	656
Water Main Repairs	46	45	6	6	10	9	38
Average Daily Consumption (millions of gallons)	30.2	32.9	39.0	36.5	35.0	35.2	38.1
Wastewater							
Average Daily Sewage Treatment (millions of gallons)	13.7	13	13	13	13	12.245	12.21
Transit Services							
Total Route Miles (round-trip)	39	39	39	39	44.4	44.7	44.7
Passengers							
Fixed Route	152,568	165,104	166,744	163,062	150,815	146,983	162,423
Dial-A-Ride	58,153	64,689	63,122	64,079	57,577	58,892	66,481

Source: Various City departments.

Note: Data from ten years ago was not available.

CITY OF CORONA**Schedule 18
Capital Asset Statistics by Function/Program
Last Seven Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>						
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Police							
Stations	1	1	1	1	1	1	1
Zone Offices	2	2	3	3	3	3	3
Patrol Units	60	65	65	74	74	66	58
Fire Stations	7	7	7	7	7	7	7
Streets							
Streets and Alleys (miles)	398	398	398	383	380	376	371
Streetlights ¹	11,237	11,733	11,682	11,711	11,688	11,300	10,540
Traffic Signals	170	168	166	161	163	157	153
Parks and Community Services							
Total Park Acreage	376	376	376	364	364	342	347
Playgrounds	27	27	26	30	30	29	30
Baseball/softball diamonds	37	39	35	35	33	33	32
Soccer/football fields	18	17	15	15	14	14	11
Community Centers	7	7	7	7	7	7	7
Civic Center Auditorium Seating Cap	380	380	380	380	380	250	250
Fiesta Bandshell Seating Capacity	500	500	500	500	500	500	500
Water							
Water Main (miles)	676	684	670	670	622	606	566
Fire Hydrants	8,788	8,692	8,496	8,421	8,300	7,904	7,611
Storage Capacity (millions of gallons)	51	53	53	44	44	46	41
Wastewater							
Sanitary Sewers (miles)	442	447	445	436	394	382	376
Storm Sewers (miles)	168	168	165	161	154	148	145
Treatment Capacity (millions of gallons)	16	16	16	14	14	19	16
Transit Services							
Minibuses							
Fixed Route	5	5	5	5	5	5	5
Dial-A-Ride	10	9	9	9	9	9	9

Source: Various City departments.

Note: 1) Number of streetlights includes only the City-owned ones.

Data from ten years ago was not available.